



# MIROVA US LLC

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Part 2A of Form ADV: Firm Brochure  
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This brochure provides information about the qualifications and business practices of Mirova US LLC ("Mirova US" or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at (857) 305-6333. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Mirova US also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser's registration with the SEC does not imply a certain level of skill or training.

## **Item 2. Material Changes**

The following material changes have been made since the Part 2A filed on March 27, 2023:

- Item 8 This section has been updated to reflect the addition of a principal risk applicable to all strategies.

In addition, Mirova US LLC routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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## **Item 4. Advisory Business**

### **The Advisory Firm**

Mirova US LLC (“Mirova US” or the Adviser”), a Delaware limited liability company, is a Boston-based investment management firm incorporated in 2018. On March 29, 2019, the Mirova Division of Ostrum Asset Management U.S., LLC (“Ostrum Asset Management”), including its people and clients, spun-out to Mirova US.

Mirova US is wholly owned by Mirova S.A. (“Mirova”), an indirect subsidiary of Natixis Investment Managers (“Natixis IM”), an international asset management group based in Paris, France, that is part of the Global Financial Services division of Groupe BPCE. Natixis IM is wholly owned by Natixis, a French investment banking and financial services firm. Natixis is wholly owned by BPCE, France’s second largest banking group.

### **Participating Affiliate Structure**

Mirova US provides its clients access to investment solutions that benefit from the extensive resources of a leading European asset management group, and the expertise of specialized investment teams. Mirova US enters into personnel-sharing arrangements with affiliates (“Participating Affiliates”), under which certain employees of the Participating Affiliates serve as “Associated Persons” of the Adviser within the meaning of Section 202(a)(17) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and, in this capacity, are subject to the oversight of the Adviser and its Chief Compliance Officer (“CCO”). These Associated Persons may, on behalf of the Adviser, participate in providing discretionary investment management services (including acting as portfolio managers and traders), research and related services to clients of the Adviser. The Adviser’s current Participating Affiliates are two Paris-based firms, Mirova and Natixis TradEx Solutions (formerly named Natixis Asset Management Finance S.A.), both of which are, like the Adviser, part of Natixis IM. Mirova US utilizes Mirova as a Participating Affiliate for portfolio management expertise. Mirova US utilizes Natixis TradEx Solutions as a Participating Affiliate for trading expertise. Natixis TradEx Solutions is indirectly wholly owned by Natixis IM and was created in 2009 with the purpose of providing dealing services for portfolio managers. The Participating Affiliates are not registered as investment advisers with the SEC. The personnel-sharing arrangements are based on no-action letters of the staff of the SEC that permit an SEC-registered investment adviser to rely on and use the resources of advisory affiliates, subject to the supervision of the SEC-registered investment adviser and compliance with certain other technical conditions to the relief. In connection with each Participating Affiliate’s provision of services to the Adviser, each respective Participating Affiliate has appointed the Adviser as its agent for service of process within the jurisdiction of the United States. Trading professionals at Natixis TradEx Solutions who send trades to executing brokers on behalf of Mirova US clients are overseen as Associated Persons of Mirova US.

## The Advisory Services

Mirova US is dedicated to sustainable investing, with an aim to combine impact and performance, focused primarily in Equity and Bonds.

## Tailoring Advice

Mirova US will determine whether and how to tailor advisory services to the individual needs of a client on a case-by-case basis, including taking into account the restrictions a client may impose, if any, on certain securities or types of securities in which Mirova US may invest on behalf of the client. The parameters of such tailored advice may be found in the contracts of the clients and/or the prospectuses for the funds advised by Mirova US.

## Clients

Mirova US has entered into investment advisory arrangements with pooled investment vehicles, mutual funds, and separate accounts for both US and non-US clients. Mirova US advises and subadvises US mutual funds and non-US registered funds. Additionally, Mirova US provides non-discretionary model portfolio delivery services to investment advisers (“Model Delivery”), which are not taken into account in calculating Mirova US’s regulatory assets under management. See Item 7 for more information on the Adviser’s participation in wrap and model delivery programs.

As of December 31, 2023, the Adviser managed a total of \$10.60 billion of client assets on a discretionary basis and had \$1.31 billion of client assets under advisory through its Model Delivery program.

## Item 5. Fees and Compensation

As compensation for the investment advisory services rendered, the Adviser receives advisory fees (the “Advisory Fees”) pursuant to investment advisory agreements with each client that Mirova US advises or sub-advises. The Advisory Fees are calculated based on a percentage of average daily net assets and the details of the Advisory Fees for registered funds are publicly available in such funds’ registration statements. The Advisory Fees schedule applicable to institutional clients is as follows:

- 0.70% per annum if the assets under management are below \$100 million;
- 0.60% per annum if the assets under management are above \$100 million and below \$200 million;
- 0.50% per annum if the assets under management are above \$200 million, with a minimum new account size of \$50 million.

The Advisory Fee schedule applicable to Model Delivery is as follows: 0.45% per annum if the assets under advisory are below \$250 million and 0.41% per annum if the assets under advisory

are above \$250 million. Certain non-US clients also pay a performance-based fee as discussed in Item 6. The Advisory Fees payable by a particular client is subject to negotiation and may differ from the standard fee schedules described above.

Advisory Fees for discretionary accounts are typically deducted from client assets and, for non-discretionary accounts and sub-advised accounts, are typically billed to the client. For the funds, fees and expenses are applied by the administrator. Billing procedures also may vary across client accounts and are addressed in each client's investment advisory agreement. Similarly, specific payment and repayment arrangements that may arise upon termination of a client's investment advisory agreement are, if applicable, addressed in the client's investment advisory agreement, along with the specific terms defining which of the client's expenses should be paid by the Adviser out of the Advisory Fee or by the client.

When Mirova US trades on behalf of clients, the client may bear certain other expenses relating to it, including without limitation legal, accounting, audit, brokerage, custody, transfer, registration, trustees' fees, directors' and officers' insurance, interest, taxes and extraordinary expenses, and other similar fees and expenses, as well as any other fees or expenses incurred by the Adviser or the client that are not specifically set forth in the client's investment advisory agreement as being paid by the Adviser. Expenses that would otherwise be payable by the Adviser may be reduced through the use of "soft" or commission dollars, as discussed in Item 12 below.

For additional information regarding brokerage practices, please see Item 12 below.

As discussed above under Item 4, the Adviser has entered into personnel-sharing arrangements with the Participating Affiliates under which the Associated Persons of the Adviser participate in providing discretionary investment management services (including portfolio management and trading expertise), research and related services, on behalf of the Adviser, to clients of the Adviser. Pursuant to this arrangement, the Adviser compensates the applicable Participating Affiliate based on the value of the services provided by the Associated Persons, provided that the Associated Persons will not be compensated directly by the Adviser, but by the respective Participating Affiliate, their employer.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

The Adviser accepts performance-based fees from certain non-US clients. The Adviser and Participating Affiliates manage both accounts that are charged for performance-based compensation and accounts that are charged other types of compensation (e.g., asset-based fees). Additionally, the Adviser may charge for performance-based compensation where such arrangements are acceptable to the client and permitted under applicable laws and regulations. For additional information regarding fees and compensation for investment advisory services, see Item 5 above. There are inherent conflicts of interest in this type of side-by-side management of performance-based fee and non-performance-based fee accounts. For example, this creates an incentive to favor a client with a performance-based fee over a non-performance fee account by giving them preference in allocations and prices of securities, or to sell an investment to realize

the return before a performance fee is paid rather than waiting for the investment to achieve its price target. To manage these conflicts, the Adviser has implemented several policies and procedures, including the Code of Ethics and trade allocation and aggregation policies described below in Item 11 and Item 12.

## **Item 7. Types of Clients**

As of the date of this filing, the Adviser provides investment advisory services to registered US and non-US funds, separate accounts for US and non-US clients, pooled investment vehicles and provides Model Delivery to account advisers of unified managed accounts. With respect to any client that is a pooled investment vehicle, investment advice is provided directly to the pooled investment vehicle and not individually to its investors.

Investment minimums for investors are set forth in the applicable registration statements, in the case of registered fund clients, and in advisory agreements and/or offering documentation, in the case of unregistered investment vehicles. Separately managed accounts and wrap programs are subject to their own investment minimums and minimum account sizes.

### **Wrap and Model Delivery Programs**

The Adviser provides non-discretionary investment advisory services to a wrap program provider, investment advisers and an affiliate (Natixis Advisors, L.P.) and expects that it may in the future act as subadviser to wrap program providers (each, a “Model Delivery Recipient”). Under these arrangements, the Adviser may act as subadviser with respect to certain investment styles (“Investment Products”) that the Adviser normally offers and makes available only to its institutional and high net worth clients (or by a Participating Affiliate to clients of a Participating Affiliate).

Under an investment subadvisory agreement with a Model Delivery Recipient, the Adviser may provide model investment portfolios (“Model Portfolios”) containing the Adviser’s then-current judgment as to the composition of a portfolio of securities that may appropriately be purchased for the Investment Product. The recommendations implicit in the Model Portfolios may reflect (but are not necessarily the same as) the investment recommendations and decisions being made by the Adviser for its pooled institutional and other clients within the same Investment Product (or by the Participating Affiliate for its clients). There may be differences between the Model Portfolios provided by the Adviser and recommendations, or decisions made by the Adviser for its client accounts (or by a Participating Affiliate for its clients) resulting from, among other things, differences in cash availability, investment restrictions, account sizes and other factors. Likewise, the performance of the Adviser’s client accounts (or by a Participating Affiliate for its clients) and that of the Model Delivery Recipient’s clients using the same Investment Product may differ for these and other reasons.

Under these arrangements, the Model Delivery Recipient pays a fee to the Adviser based on the assets under the Model Delivery Recipient's management. In some situations, the fee paid to the Adviser is indirectly a portion of the wrap program fee. With respect to delivery of Model Portfolios, the fee paid to the Adviser is based on the value of assets in each Investment Product for which the Adviser provides Model Portfolios and will be set forth in the applicable subadvisory agreement with the Model Delivery Recipient.

Although the Adviser may provide Model Portfolios, the Model Delivery Recipient will generally have the ultimate decision making and discretionary responsibility for determining which securities are to be purchased and sold for its clients' accounts. In most cases, however, it is expected that the Model Delivery Recipient will approve the recommendations in the Model Portfolio provided by the Adviser, subject to differences resulting from individual investment guidelines or cash, tax or other needs of its clients. To assist the Model Delivery Recipient in implementing the recommendations in the Model Portfolio, the Adviser in certain instances may, but as of the date of this document currently does not, place orders to buy or sell securities on the Model Delivery Recipient's behalf.

Unlike other client accounts, wrap and model delivery programs generally do not generate brokerage commissions that the Adviser may use to pay for research and research services (i.e., soft dollars). However, these programs may benefit from the research and research services that are used by the Adviser to assist it in its investment decision-making process, including the research and research services acquired with commissions generated by other client accounts of the Adviser or the Participating Affiliates. Therefore, except as described below, the Model Portfolios, and updates thereto, may be provided to the Model Delivery Recipient after the model portfolio adjustments have been implemented for the Adviser's or the Participating Affiliate's other client accounts in the same Investment Product. In such instances, the Model Delivery Recipient may trade at prices that are lower or higher than the Adviser's (or the Participating Affiliate's) other client accounts.

Notwithstanding the foregoing, there may also be times (such as if Model Portfolios are provided to Model Delivery Recipient at the same time as the model portfolio adjustments are being implemented for the Adviser's or the Participating Affiliate's other client accounts) where the Model Delivery Recipient will execute client transactions that may compete with similar transactions that are directed by the Adviser or the Participating Affiliates for its client accounts in the same Investment Product at the same time, thereby possibly adversely affecting the price, amount or other terms of the trade execution for some or all of the accounts. Any effect of substantially contemporaneous market activities is likely to be most pronounced when the supply or liquidity of the security is limited. Clients of the Model Delivery Recipient should refer to their particular documentation for additional information regarding transactions for their account.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

Below are the methods and investment strategies offered by the Adviser. Please note that a client may ask for a strategy to be altered for such client, which may lead to additional risks not



mentioned herein and different investment strategies than are mentioned below. Each client should review their respective investment management agreement and prospectus for a list of specific strategies and risks applicable to their investment.

## Methods of Analysis and Investment Strategies

### ***Mirova Global Sustainable Equity Strategy:***

The Adviser may use the following methods and strategies in formulating investment decisions and recommendations for the Mirova Global Sustainable Equity Strategy:

The Adviser seeks long-term capital appreciation. Under normal circumstances, the Adviser invests at least 80% of its assets in equity securities, which may include common stocks, preferred stocks, depositary receipts and real estate investment trusts (“REITS”). The Adviser invests in securities of companies located in no fewer than three countries, which may include the U.S. Under normal circumstances, the Adviser will invest a percentage of its assets in securities of companies located outside the U.S. equal to at least the lesser of 40% or the percentage of foreign issuers in the strategy’s benchmark, the MSCI World Index, less 5% and the Adviser may invest up to 25% of its assets in securities of companies located in emerging markets. Emerging markets are economies that the Adviser believes are not generally recognized to be fully developed markets, as measured by gross national income, financial market infrastructure, market capitalization and/or other factors. The Adviser may invest in growth and value companies of any size and may also invest in initial public offerings.

The Adviser applies a thematic approach to investment idea generation, investing in securities of companies that it believes offer solutions to the major transitions that our world is going through. These transitions include (i) demographics, such as an aging population, (ii) environmental issues, such as water scarcity, (iii) technological advances, such as cloud computing, and (iv) governance changes, such as the growing importance of corporate responsibility. From this large universe of solution providers, the Adviser applies detailed fundamental research to select companies that it believes are well managed, are expected to benefit from strong, sustainable competitive advantages, and have demonstrated a solid financial structure while avoiding irresponsible risks. The Adviser seeks to invest in securities that are trading at significant discounts to what the Adviser believes are their intrinsic values. Furthermore, the Adviser seeks to invest in companies with a positive impact on the United Nations’ Sustainable Development Goals (the “SDGs”), while avoiding companies whose activities or products have a negative or negligible impact on achieving the SDGs. The Adviser believes that this approach will result in a portfolio with a better environmental and social profile than the broad equities market.

The Adviser may sell a security for a variety of reasons, including, but not limited to, a deterioration in the company’s fundamental quality, a change in thematic exposure or impact relative to the SDGs, a controversy alert such as one relating to human rights, or if the Adviser believes the security has little potential for price appreciation or there is greater relative value in other securities in the Fund’s investment universe, or any combination of the foregoing.

***Mirova Global Sustainable Equity ADR Strategy:***

The Adviser may use the above methods and strategies in formulating investment decisions and recommendations for the Mirova Global Sustainable Equity ADR Strategy, but will do so by investing in securities of U.S. issuers and in securities of non-U.S. issuers through American Depositary Receipts (“ADRs”).

***Mirova International Sustainable Equity Strategy:***

The Adviser may use the following methods and strategies in formulating investment decisions and recommendations for the Mirova International Sustainable Equity Strategy:

Under normal circumstances, the Adviser invests at least 80% of its assets in equity securities, which may include common stocks, preferred stocks, depositary receipts and REITS. The Adviser invests in securities of companies located in no fewer than three countries outside the U.S. Under normal circumstances, the Adviser will invest at least 65% of its assets in securities of companies located outside the U.S. and the Adviser may invest up to 25% of its assets in securities of companies located in emerging markets (which generally encompasses markets that are not included in the MSCI World Developed Markets Index). The Adviser may invest in growth and value companies of any size and may also invest in initial public offerings.

The Adviser applies a thematic approach to investment idea generation, investing in securities of companies that it believes offer solutions to the major transitions that our world is going through. These transitions include (i) demographics, such as an aging population, (ii) environmental issues, such as water scarcity, (iii) technological advances, such as cloud computing, and (iv) governance changes, such as the growing importance of corporate responsibility. From this large universe of solution providers, the Adviser applies detailed fundamental research to select companies that it believes are well managed, are expected to benefit from strong, sustainable competitive advantages, and have demonstrated a solid financial structure while avoiding irresponsible risks. The Adviser seeks to invest in securities that are trading at significant discounts to what the Adviser believes are their intrinsic values. Furthermore, the Adviser seeks to invest in companies with a positive impact on the SDGs, while avoiding companies whose activities or products have a negative impact on or create a risk to achieving the SDGs. The Adviser believes that this approach will result in a portfolio with a better environmental and social profile than the broad equities market.

The Adviser may sell a security due a deterioration in the company’s fundamental quality, a change in thematic exposure or impact relative to the SDGs, a controversy alert such as one relating to human rights, or if the Adviser believes the security has little potential for price appreciation or there is greater relative value in other securities in the Fund’s investment universe.

***Mirova U.S. Sustainable Equity Strategy:***

The Adviser may use the following methods and strategies in formulating investment decisions and recommendations for the Mirova U.S. Sustainable Equity Strategy.

The Adviser seeks long-term capital appreciation. Under normal circumstances, the Adviser invests at least 80% of its assets in equity securities, which may include common stocks,

preferred stocks, depositary receipts and REITs. Under normal circumstances, the Adviser will invest at least 80% of its assets in securities of U.S. issuers incorporated in the U.S. and/or listed on a U.S. stock exchange. The Adviser may invest in growth and value companies of any size, including small- and mid-capitalization companies. The Adviser considers companies with a market capitalization under 2 billion USD to be small-capitalization companies and companies with a market capitalization between 2 and 10 billion USD to be mid-capitalization companies.

The Adviser applies a thematic approach to investment idea generation, identifying securities of companies that it believes offer solutions to the major transitions that our world is going through. These transitions include (i) demographics, such as an aging population, (ii) environmental issues, such as water scarcity and climate change, (iii) technological advances, such as cloud computing, and (iv) governance changes, such as the growing importance of corporate responsibility. From this large universe of solution providers, the Adviser applies detailed fundamental research to select companies that it believes are well managed, are expected to benefit from strong, sustainable competitive advantages, and have demonstrated a solid financial structure while avoiding irresponsible risks. The Adviser seeks to invest in securities that are trading at significant discounts to what the Adviser believes are their intrinsic values. Furthermore, the Adviser seeks to invest in companies with a positive impact on the SDGs, while avoiding companies whose activities or products have a negative impact on or create a risk to achieving the SDGs. The Adviser believes that this approach will result in a portfolio with a better environmental and social profile than the broad equities market.

The Adviser may sell a security due to a deterioration in the company's fundamental quality, a change in thematic exposure or impact relative to the SDGs, a controversy alert such as one relating to human rights, or if the Adviser believes the security has little potential for price appreciation or there is greater relative value in other securities in the Fund's investment universe.

***Global Green Bond Strategy:***

The Adviser may use the following methods and strategies in formulating investment decisions and recommendations for the Global Green Bond Strategy:

Under normal circumstances, the Adviser invests at least 80% of a portfolio's net assets (plus any borrowings made for investment purposes) in "green bonds." "Green bonds" are bonds and notes all of the proceeds of which are used to finance projects that the Adviser believes will have a positive environmental impact. The Adviser invests in securities of issuers located in no fewer than three countries, which may include the U.S. Under normal circumstances, the Adviser will invest at least 40% of the portfolio's assets in securities of issuers located outside the U.S. and the Adviser may invest up to 20% of the portfolio's assets in securities of issuers located in emerging markets. The Adviser considers an issuer to be located outside the U.S. if its head office is located outside the U.S. Emerging markets are economies that the Adviser believes are not generally recognized to be fully developed markets, as measured by gross national income, financial market infrastructure, market capitalization and/or other factors. The Adviser may invest up to 20% of the portfolio's assets, at the time of purchase, in securities rated below investment grade (i.e., none of the three major ratings agencies (Moody's Investors Services, Inc., Fitch Investor Services, Inc. or S&P Global Ratings) have rated the securities in one of their top four ratings categories) (commonly known as "junk bonds"), or, if unrated, securities determined by

the Adviser to be of comparable quality. The Adviser may invest in bonds of any maturity and expects that under normal circumstances the modified duration of its portfolio will range between 0 and 10. This flexibility is intended to allow the portfolio managers to reposition the portfolio to take advantage of significant interest rate movements. Performance is expected to derive primarily from security selection and duration is not expected to be a major source of excess return relative to the benchmark. The Adviser primarily invests in fixed-income securities issued by companies, banks, supranational entities, development banks, agencies, regions and governments.

In deciding which securities to buy and sell, the Adviser selects securities based on their financial valuation profile and an analysis of the global ESG impact of the issuer or the projects funded with the securities. Following the evaluation of a security, the portfolio managers value the security based, among other factors, on what they believe is a fair spread for the issue relative to comparable government securities, as well as historical and expected default and recovery rates. The portfolio managers will re-evaluate and possibly sell a security if there is a deterioration of its ESG quality and/or financial rating, among other reasons. Green bonds are usually issued to finance specific projects intended to generate an environmental benefit while offering potential market return in the same manner as other “conventional” fixed income securities. Beyond fundamental security analysis, the Adviser independently analyzes each green bond it selects along the following lines:

- Use of Proceeds: legal documentation specifies that proceeds will be used to finance or refinance projects with a positive environmental impact, such as projects relating to climate change, preservation of resources, pollution prevention or mitigation and biodiversity.
- Impact on Sustainable Opportunity: quality of the environmental impact of the project is analyzed. Four evaluation levels have been defined with respect to the positive environmental impact: High, Significant, Low or No, and Negative. Only issues that the Adviser believes will have a High or Significant positive environmental impact can qualify.
- Risk Evaluation: an analysis of the general practices of the issuer and of the management of the environmental and social risks during the life cycle of the projects.
- Reporting: issuer should provide regular reports on the use of proceeds. This reporting will also be used to reevaluate all other aspects of the Adviser’s analysis as described above. The Adviser monitors developments in the global green bond market and may revise the above criteria in the future.

In connection with its principal investment strategies, the Adviser may also invest in securities issued pursuant to Rule 144A under the Securities Act of 1933 (“Rule 144A securities”), municipal securities, mortgage-related and asset-backed securities, debt-linked and equity-linked securities, hybrid instruments and futures, forwards and foreign currency transactions for hedging and investment purposes. Except as provided above or as required by applicable law, the Adviser is not limited in the percentage of the portfolio’s assets that it may invest in these instruments. The Adviser generally attempts to hedge the foreign currency risk, though there is no guarantee its attempts to hedge all foreign currency risk will be successful.

The portfolio is non-diversified, which means that it may invest a greater percentage of its assets in a particular issuer and may invest in fewer issuers. Because the Adviser may invest in the securities of a limited number of issuers, an investment in a portfolio managed according to this strategy may involve a higher degree of risk than would be present in a diversified portfolio.

**Additional Strategies:**

With respect to other clients that may engage Mirova US as an investment adviser for Mirova strategies in the future, Mirova US will determine other methods and strategies in formulating investment decisions and recommendations to such clients on a case-by-case basis.

**Principal Risks: All Strategies**

The material risks associated with the Adviser's anticipated investment strategies are set forth below. Investing in securities involves risk of loss that clients of the Adviser should be prepared to bear; however, clients should be aware that not all of the risks listed below will pertain to every client account as certain risks may only apply to certain investment strategies. The term "portfolio" below may refer to one or more pooled investment vehicles or separately managed accounts advised by the Adviser or both. The risks listed below are not intended to be a complete description or enumeration of the risks associated with the Adviser's investment strategies.

**Agency Securities Risk:** Agency Risk is the risk that the U.S. Government will not provide financial support to U.S. Government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. Not all U.S. Government securities are backed or guaranteed by the U.S. Government. Some U.S. Government securities are supported only by the credit of the issuing agency, which depends entirely on its own resources to repay the debt, and are subject to the risk of default. For example, U.S. Government securities issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and Federal Home Loan Banks are chartered or sponsored by Acts of Congress, but their securities are neither issued nor guaranteed by the U.S. Treasury. Therefore, these securities are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. Government securities can greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. Importantly, the future of the entities is in serious question as the U.S. government continues to consider multiple options, including privatization, consolidation, and abolishment of the entities.

**Allocation and Correlation Risk:** The Adviser's judgments about, and allocations between, asset classes and market exposures may not be optimal in every market condition and may adversely affect a portfolio's performance. This risk can be increased by the use of derivatives to increase allocations to various market exposures. This is because derivatives can create investment leverage, which will magnify the impact to the portfolio of its investment in any underperforming market exposure.

**Below Investment Grade Fixed-Income Securities Risk:** The Adviser's investments in below investment grade fixed-income securities, also known as "junk bonds," may be subject to greater

risks than other fixed-income securities, including being subject to greater levels of interest rate risk, credit/counterparty risk (including a greater risk of default) and liquidity risk. The ability of the issuer to make principal and interest payments is predominantly speculative for below investment grade fixed-income securities. In addition, the entire below investment grade fixed-income securities market can experience sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors or a high profile default.

**Credit/Counterparty Risk:** Credit/counterparty risk is the risk that the issuer or guarantor of a fixed-income security, or the counterparty to a derivative or other transaction, will be unable or unwilling to make timely payments of interest or principal or to otherwise honor its obligations. As a result, a portfolio may sustain losses or be unable or delayed in its ability to realize gains. A portfolio will be subject to credit/counterparty risk with respect to the counterparties to its derivatives transactions. Many of the protections afforded to participants on organized exchanges, such as the performance guarantee given by a central clearing house, are not available in connection with over the counter (“OTC”) derivatives transactions, such as foreign currency transactions. A client account, therefore, assumes the risk that it may be unable to obtain payments owed to it under such derivatives contracts or that those payments may be delayed or made only after a client account has incurred the costs of litigation. While the Adviser intends to monitor the creditworthiness of contract counterparties, there can be no assurance that the counterparty will be in a position to meet its obligations, especially during unusually adverse market conditions. For centrally cleared derivatives, such as cleared swaps, futures and many options, the primary credit/counterparty risk is the creditworthiness of a portfolio’s clearing broker and the central clearing house itself.

**Currency Risk:** Fluctuations in the exchange rates between different currencies may negatively affect an investment. A portfolio may be subject to currency risk because it may invest in currency-related instruments and/or in securities or other instruments denominated in, that generate income denominated in, foreign currencies. The market for some or all currencies may from time to time have low trading volume and become illiquid, which may prevent a portfolio from effecting a position or from promptly liquidating unfavorable positions in such markets, thus subjecting the portfolio to substantial losses. A portfolio may elect not to hedge currency risk, or may hedge such risk imperfectly, which may cause the portfolio to incur losses that would not have been incurred had the risk been hedged.

**Cybersecurity and Technology Risk:** The Adviser, its service providers, and other market participants increasingly depend on complex information technology and communications systems, which are subject to a number of different threats and risks that could adversely affect a portfolio or a client. These risks include, among others, theft, misuse, and improper release of confidential or highly sensitive information relating to a client or its account, as well as compromises or failures to systems, networks, devices and applications relating to the operations of the Adviser and its service providers. Power outages, natural disasters, equipment malfunctions and processing errors that threaten these systems, as well as market events that occur at a pace that overloads these systems, may also disrupt business operations or impact critical data.

Specifically, since the use of technology has become more prevalent in the course of managing client accounts, the Adviser and the client accounts it manages are likely more susceptible to operational risks through breaches in cybersecurity. A cybersecurity incident refers to either intentional or unintentional events that enable an unauthorized party to gain access to client assets, customer data, or proprietary information (such as, for example, through “hacking” activity), or cause the Adviser to suffer data corruption or lose operational functionality. Cybersecurity incidents may include, for example, phishing, use of stolen access credentials, structured query language attacks, infection from or spread of malware, ransomware, computer viruses or other malicious software code, corruption of data, and any other form of attack that shuts down, disables, slows or otherwise disrupts operations, business processes or website or internet access, or functionality or performance. Attacks using ransomware, which is a type of software that threatens to publish or block certain data unless a ransom fee is paid, have risen in recent years. These and other types of cybersecurity incidents are becoming increasingly sophisticated. It is likely that new cybersecurity threats will be developed in the future.

A cybersecurity incident could, among other things, result in the loss or theft of client account data or funds, clients or employees being unable to access electronic systems (“denial of services”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or remediation costs associated with system repairs. Any of these results could have a substantial impact on client accounts. For example, if a cybersecurity incident results in a denial of service, service providers for a particular client account could be unable to access electronic systems to perform critical duties for such client account, such as trading, NAV calculation or other accounting functions. Further, client accounts could also be exposed to losses resulting from unauthorized use of their personal information.

Cybersecurity incidents could cause the Adviser or one of its service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, or financial loss of a significant magnitude. Cybersecurity incidents could also cause the Adviser to violate applicable privacy and other laws. The Adviser has established risk management systems that seek to reduce the risks associated with cybersecurity threats and has established business continuity plans to enable the Adviser to continue operating following a potential cybersecurity breach. However, there is no guarantee that such efforts will succeed, and the Adviser does not directly control the cybersecurity systems of the issuers of securities in which client accounts invest or of the Adviser’s service providers. In addition, such incidents could affect issuers in which a client account invests and thereby cause a client account’s investments to lose value.

***Deregistered Securities:*** The portfolio may hold securities that have been deregistered subsequent to being purchased by the portfolio. Such securities may be subject to substantial holding periods or may not be traded in public markets. Such securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded or not subject to restrictions on resale. No assurance can be given that any such securities will resume trading on a public market even if a public market for securities of the same class were to develop.

**Depository Receipts Risk:** To the extent consistent with a fund’s investment objective, Mirova US will purchase sponsored or unsponsored American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts (collectively “Depository Receipts”) typically issued by a bank or trust company which evidence ownership of underlying securities issued by a corporation. Generally, Depository Receipts in registered form are designed for use in the U.S. securities market and Depository Receipts in bearer form are designed for use in securities markets outside the U.S. Depository Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depository Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities trade in the form of Depository Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities’ underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depository Receipts. In addition, holders of Depository Receipts may have limited voting rights, may not have the same rights afforded to stockholders of a typical U.S. company in the event of a corporate action, such as an acquisition, merger or rights offering, and may experience difficulty in receiving stockholder communication. There is no guarantee that a financial institution will continue to sponsor a Depository Receipt, or that a Depository Receipt will continue to trade on an exchange. Depository Receipts may be delisted by the issuer, exchange or pursuant to regulatory action. Depository Receipts are subject to the usual risks associated with equity investments. Further, U.S. listing requirements and sanctions regimes, such as the Holding Foreign Companies Accountable Act, may hinder or preclude the issuance and listing of American Depositary Receipts (“ADRs”) and may lead to the delisting of existing ADRs. These requirements and sanctions regimes can have the effect of reducing the ability of the Adviser to obtain exposure to certain non-U.S. issuers for strategies that involve investing in ADRs, which has a negative effect on portfolios with such strategies. Please see “Equity Securities Risk” and “Foreign Securities Risk” for additional information.

**Derivatives Risk:** Derivative instruments (such as those in which the Adviser may invest on behalf of a portfolio, including futures, forward contracts, swaps (including credit default swaps), foreign currency transactions and options) are subject to changes in the value of the underlying assets or indices on which such instruments are based. There is no guarantee that the use of derivatives will be effective or that suitable transactions will be available. Even a small investment in derivatives may give rise to leverage risk and can have a significant impact on the portfolio’s exposure to securities market values, interest rates or currency exchange rates. It is possible that the portfolio’s liquid assets may be insufficient to support its obligations under its derivatives positions. The Adviser’s use of derivatives, such as futures, forwards, options, structured notes and swaps (including credit default swaps), involves other risks, such as credit/counterparty risk relating to the other party to a derivative contract (which is generally greater for OTC derivatives than for centrally cleared derivatives); the risk of difficulties in pricing and valuation; the risk that changes in the value of a derivative may not correlate as expected with relevant assets, rates or indices; liquidity risk and the risk of losing more than the initial margin (if any) required to initiate derivatives positions. There is also the risk that the Adviser may be unable to terminate or sell a



derivatives position at an advantageous time or price. The use of derivatives may cause a portfolio to incur losses greater than those which would have occurred had derivatives not been used. Losses resulting from the use of derivatives will reduce a portfolio's net asset value, and possibly income. It is possible that a portfolio's liquid assets may be insufficient to support its obligations under its derivatives positions. To the extent that a portfolio uses a derivative for purposes other than as a hedge, or if a Fund hedges imperfectly, the portfolio is directly exposed to the risks of that derivative and any loss generated by the derivative will not be offset by a gain. When used, derivatives may affect the amount, timing, or character of distributions payable to, and thus taxes payable by, shareholders. Similarly, for accounting and performance reporting purposes, income and gain characteristics may be different than if a portfolio held the underlying securities or other assets directly.

**Directed Brokerage Risk:** As discussed further in Item 12, some clients may direct Mirova US to use specific broker-dealers for their account transactions. If a client directs Mirova US to use a specific broker-dealer, it may lose any discounts that we may negotiate on aggregated transactions, it may pay higher transaction costs or brokerage commissions, and we may be unable to achieve the most favorable execution. Mirova US typically can negotiate better prices or terms with broker-dealers when it includes a client's trade as part of a larger block of clients trading the same security. A client might also not be able to participate in certain investment opportunities because client's broker-dealer may not have access to certain securities, such as new issues or limited inventory bonds. For many securities, it is often to a client's advantage to transact with the broker-dealer who is a known market-maker in the security. Directing us to use a particular broker-dealer might also affect the timing of a client's transaction. There may be times when we may not trade with a client's directed broker-dealer until all non-directed brokerage orders are completed and this can result in the client's order being executed on less favorable terms than we obtain for non-directed orders. In addition, not all broker-dealers have the systems or expertise to effectively process transactions that may be beneficial for an account. An account also may achieve lower returns compared to client accounts that do not ask us to use a specific broker-dealer.

**Emerging Markets Risk:** In addition to the risks of investing in foreign investments generally, emerging markets investments are subject to greater risks arising from political or economic instability, nationalization or confiscatory taxation, currency exchange restrictions, sanctions by other countries (such as the United States) and an issuer's unwillingness or inability to make principal or interest payments on its obligations. Emerging markets companies may be smaller and have shorter operating histories than companies in developed markets. In addition, investors of emerging market issuers, such as a client account, often have limited rights and few practical remedies in emerging markets. Finally, the risks associated with investments in emerging markets often are significant, and vary from jurisdiction to jurisdiction and company to company.

**Epidemics, Pandemics, Outbreaks of Disease, and Public Health Risks.** An epidemic or pandemic outbreak and governments' reactions to such an outbreak could cause uncertainty in the markets and could adversely affect the performance of the global economy. Outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09, or other similarly infectious diseases can have material adverse impacts on client accounts. In particular, coronavirus, or COVID-19, has spread and continues to spread around the world since its initial emergence in December 2019

and has negatively affected (and may continue to negatively affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks). Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus) cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as H5N1, H1N1 and the Spanish flu, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which would be reasonably likely to adversely affect the business, financial condition and operations of the Adviser and its affiliates and client accounts. While the development of vaccines has slowed the spread of COVID-19 and allowed for the resumption of reasonably normal business activity in the United States, there is no guarantee that the vaccines will be effective against emerging variants of COVID-19. Should these or other major public health issues, including pandemics, arise or spread farther (or worsen), the Adviser and its affiliates and client accounts could be adversely affected by travel restrictions (such as mandatory quarantines and social distancing), additional limitations on their operations and business activities, and governmental actions limiting the movement of people and goods between regions and other activities or operations.

The United States responded to the COVID-19 pandemic and resulting economic distress with various fiscal and monetary stimulus packages. The U.S. government passed several stimulus bills intended to accelerate the United States' recovery from the economic and health effects of the pandemic, including by providing resources to small businesses, state and local governments, and individuals. In addition, the Federal Reserve enacted numerous monetary policy measures, including cutting interest rates at the outset of the pandemic to historically low levels, announcing a new round of quantitative easing, and introducing various programs to support liquidity operations and funding in the financial markets.

However, as the U.S. economy continues to recover from the shocks it experienced at the beginning of the COVID-19 pandemic, the Federal Reserve has eased its emergency relief measures. The Federal Reserve increased interest rates by four and one-quarter percentage points in 2022 and an additional one percentage point in 2023. However, in recent months, the Federal Reserve has signaled that it may begin to reduce interest rates again in 2024. Additionally, in June 2022, it began a quantitative tightening program to reduce its U.S. Treasury and mortgage-backed securities holdings in an effort to reduce the liquidity in the banking system. The continued withdrawal of this emergency support could negatively affect financial markets generally as well as reduce the value and liquidity of certain securities. Reduced liquidity may result in emerging market issuers having more difficulty obtaining financing, which may cause a decline in the prices of their securities. Additionally, with continued economic recovery and the cessation of certain market support activities, client accounts may face a heightened level of interest rate risk as a result of a rise or increased volatility in interest rates. Over the longer term, rising interest rates may present greater risks than has historically been the case due to the recent extended period of low rates, the effect of government fiscal initiatives, and the potential market reaction to those initiatives. To the extent that these developments affect the financial markets

and issuers in which client accounts invest, they may adversely affect the investment performance of the client accounts.

**ESG Considerations Risk:** Companies across all industries are facing increasing scrutiny relating to their ESG policies. Certain investor advocacy groups, institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters may hinder access to capital, as investors and lenders may decide to reallocate capital or not to commit capital as a result of their assessment of a company's ESG practices. Companies that do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, that are evolving, or that are perceived not to have responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage, and the business, financial condition, or stock price of such a company could be materially and adversely affected.

Applying ESG investment criteria to a client account may be viewed as providing opportunities for long-term rather than short-term returns and may result in the selection or exclusion of securities of certain issuers for reasons other than financial performance. As a result, a client account may forgo opportunities to buy certain securities when it might be otherwise advantageous to do so or sell certain securities when it might be otherwise disadvantageous to do so. ESG investing also carries the risk that a client account's investment returns may underperform client accounts that do not incorporate ESG factors into their investment process. The incorporation of ESG criteria into the investment process may affect a client account's investment exposure to certain companies, sectors, regions, countries, or types of investments, which could negatively impact the client account's performance, depending on whether such investments are in or out of favor. Applying ESG criteria to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will improve the financial performance of a client account or reflect the beliefs or values of any particular investor. In evaluating a company, the Adviser is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate, or unavailable, which could cause the Adviser to incorrectly assess a company's ESG practices. ESG standards differ by region and industry, and a company's ESG practices or the Adviser's assessment of a company's ESG practices may change over time. A client account will vote proxies in a manner that is consistent with its ESG criteria, if any, which may not always be consistent with maximizing short-term performance of the issuer.

In addition, ESG matters have been the subject of increased focus by certain regulators in the European Union and the United States. For example, in May 2018, the European Commission proposed a package of measures as a follow-up to its action plan on financing sustainable growth. The proposed legislative reforms related in part to formalizing the duties and disclosure obligations of companies and asset managers in relation to ESG. These and other proposals have resulted in the Sustainable Finance Disclosure Regulation (the "SFDR"), Non-Financial Disclosure Regulation and EU Taxonomy, among other initiatives. The SFDR Level 1 was introduced on March 10, 2021. The EU Taxonomy Level 1 was introduced on January 1, 2022. The SFDR and EU Taxonomy Regulatory Technical Standards (the "SFDR Level 2"), which set out

the content, methodology and detailed disclosure requirements, were implemented on January 1, 2023. In December 2023, the Joint Committee of the European Supervisory Authorities published a report containing proposed amendments to SFDR Level 2.

Those legislative developments, which create a common classification system and disclosure obligations focusing on ESG issues, require additional disclosures to clients with respect to ESG. Because relations between the UK and the European Union (the “EU”) are still in a time of transition, cross-border implementation may be subject to rapid changes. The UK has published final rules and guidance to promote better climate-related financial disclosures, which build upon the 2017 recommendations of the United Nations Task Force on Climate-related Financial Disclosures.

In the United States, the SEC has indicated a greater focus on developing disclosure frameworks for climate and other ESG factors. Specifically, the SEC proposed amendments to existing rules and reporting forms on May 25, 2022 that are designed to promote consistent, comparable, and reliable information for investors concerning the incorporation of ESG factors in investment funds and strategies. The SEC has indicated that it plans to vote on whether to adopt these amendments in the spring of 2024. If adopted substantially as proposed, those rules would apply to registered funds as well as to investment advisers registered under the Advisers Act. The adoption of the proposed rules or of any future rules or regulations may require the Adviser to change its investment process with respect to ESG investing.

**Equity Securities Risk:** The value of the portfolio’s investments in equity securities could be subject to unpredictable declines in the value of individual securities and/or periods of below-average performance in individual securities, industries or in the equity market as a whole. This may impact a portfolio’s performance and may result in higher portfolio turnover, which may increase the tax liability to taxable shareholders and the expenses incurred by a portfolio. The market value of a security can change daily due to political, economic and other events that affect the securities markets generally, as well as those that affect particular companies or governments. These price movements, sometimes called volatility, will vary depending on the types of securities a portfolio owns and the markets in which they trade. Historically, the equity markets have moved in cycles, and the value of a portfolio’s equity securities may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response to such trends and developments. Securities issued in initial public offerings tend to involve greater market risk than other equity securities due, in part, to public perception and the lack of publicly available information and trading history. Rule 144A securities may be less liquid than other equity securities. Small-capitalization and emerging growth companies may be subject to more abrupt price movements, limited markets and less liquidity than larger, more established companies, which could adversely affect the value of a portfolio. Growth stocks are generally more sensitive to market movements than other types of stocks primarily because their stock prices are based heavily on future expectations. If the Adviser’s assessment of the prospects for a company’s growth is wrong, or if the Adviser’s judgment of how other investors will value the company’s growth is wrong, then the price of the company’s stock may fall or not approach the value that the Adviser has placed on it. Value stocks can perform differently from the market as a whole and from other types of stocks. Value stocks also present the risk that their lower valuations fairly reflect their business prospects and that

investors will not agree that the stocks represent favorable investment opportunities, and they may fall out of favor with investors and underperform growth stocks during any given period. Common stocks represent an equity or ownership interest in an issuer. In the event an issuer is liquidated or declares bankruptcy, the claims of owners of the issuer's bonds generally take precedence over the claims of those who own preferred stock or common stock.

**Financial Institution Risk/Distress Events:** An investment in a strategy is subject to the risk that one of the strategy's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the strategy's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Adviser, the strategy's and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Adviser to manage the strategies and their investments, and on the ability of the Adviser, any strategy and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to require a client to pay fees and expenses in the event the strategy is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of clients to make capital contributions or otherwise), as well the inability of a strategy to acquire or dispose of investments at prices that the Adviser believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although the Adviser expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

**Fixed-Income Securities Risk:** Fixed-income securities are subject to credit risk, interest rate risk and liquidity risk. The portfolio may lose money on an investment in fixed-income securities due to unpredictable drops in a security's value or periods of below-average performance in a given security or in the securities market as a whole. A client account that invests in fixed-income securities is subject to varying degrees of risk that the issuers of the securities will have their credit ratings downgraded or will default, potentially reducing the client account's share price and income level. Nearly all fixed-income securities are subject to some credit risk, which may vary depending upon whether the issuers of the securities are corporations, domestic or foreign governments, or their subdivisions or instrumentalities. U.S. government securities are subject to

varying degrees of credit risk depending upon whether the securities are supported by the full faith and credit of the United States; supported by the ability to borrow from the U.S. Treasury; supported only by the credit of the issuing U.S. government agency, instrumentality, or corporation; or otherwise supported by the United States. For example, issuers of many types of U.S. government securities (e.g., Freddie Mac, Fannie Mae, and Federal Home Loan Banks), although chartered or sponsored by Congress, are not funded by congressional appropriations, and their fixed-income securities, including asset-backed and mortgage-backed securities, are neither guaranteed nor insured by the U.S. government. An agency of the U.S. government has placed Fannie Mae and Freddie Mac into conservatorship, a statutory process with the objective of returning the entities to normal business operations. It is unclear what effect this conservatorship will have on the securities issued or guaranteed by Fannie Mae or Freddie Mac. As a result, these securities are subject to more credit risk than U.S. government securities that are supported by the full faith and credit of the United States (e.g., U.S. Treasury bonds). When a fixed-income security is not rated, the Adviser may have to assess the risk of the security itself. Zero-coupon bonds may be subject to these risks to a greater extent than other fixed-income securities. Rule 144A securities may be more illiquid than other fixed-income securities. In addition, an economic downturn or period of rising interest rates could adversely affect the market of these securities and reduce the Adviser's ability to sell them.

**Foreign Securities Risk:** Investments in foreign securities may subject the portfolio to greater political, economic, environmental, credit/counterparty and information risks. The portfolio's investments in foreign securities also are subject to foreign currency fluctuations and other foreign currency-related risks. Foreign securities may be subject to higher volatility than U.S. securities, varying degrees of regulation and limited liquidity.

**Illiquid Securities Risk:** We may hold securities that are or may in the future become restricted or illiquid. We may also receive illiquid securities in connection with corporate action events. Any securities that are thinly traded or whose resale is restricted can be difficult to sell at a desired time and price. Some of these securities can be new and complex and traded only among institutions. The markets for these securities are still developing and sometimes do not function as efficiently as established markets. In addition, an account's holdings in securities or other instruments for which the relevant market is or becomes less liquid are more susceptible to loss of value. Less liquid instruments also may fall more in price than other instruments during periods when markets decline generally.

**Index Tracking:** Tracking a specific index involves the risk that the returns of the portfolio will be less than the returns of such index. Portfolio expenses will also tend to reduce the portfolio's return to below the return of the index. There is also a risk that fund return data provided by third party fund index providers may be inaccurate or may not accurately reflect fund returns due to survivorship bias, self-reporting bias or other biases.

**Inflation/Deflation Risk:** Inflation risk is the risk that assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a client account can decline. Inflation rates may change frequently and drastically as a result of various factors, including unexpected shifts in the domestic or global economy, and a client account's investments may be affected, which may reduce the client account's

performance. In addition, during periods of rising inflation, short-term interest rates often increase. A rise in interest rates may negatively affect the value of debt instruments held by a client account, resulting in a negative impact on the client account's performance and further reducing returns to clients. In recent years, economic indicators showed inflation accelerating at a faster pace than in prior years. Although inflation rates have since declined in the United States and throughout much of the developed world, they remain higher than rates that many policymakers consider acceptable for a stable economy. These circumstances may continue for an extended period and may continue to affect adversely the value and liquidity of the investments of a client account. Generally, securities issued in emerging markets are subject to a greater risk of inflationary or deflationary forces, and more developed markets are better able to use monetary policy to normalize markets. Countries and/or governments may institute measures designed to increase the cost of borrowing, impose wage and price controls or otherwise intervene in an attempt to stabilize inflation. However, governmental efforts to curb inflation often have had negative effects on the level of economic activity as shown by the countries where such measures were employed. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the portfolio.

**Interest Rate Risk:** Fixed-income securities are affected by changes in interest rates. When interest rates decline, the market value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the market value of fixed-income securities generally can be expected to decline. The longer the duration or maturity of a fixed-income security, the more susceptible it is to interest-rate risk. Duration is a measure of the price sensitivity of a debt security, or a client account that invests in a portfolio of debt securities, to changes in interest rates, whereas the maturity of a security measures the time until final payment is due. Duration measures sensitivity more accurately than maturity because it takes into account the time value of cash flows generated over the life of a debt security. Recent and potential future changes in government monetary policy may affect interest rates.

Beginning in March 2022, the Federal Reserve Board ("Fed") began increasing interest rates. It is difficult to accurately predict the pace at which the Fed will increase interest rates any further, or the timing, frequency or magnitude of any such increases, and the evaluation of macro-economic and other conditions could cause a change in approach in the future. Any such increases generally will cause market interest rates to rise and could cause the value of a client account's investments, and the client account's net asset value ("NAV"), to decline, potentially suddenly and significantly. As a result, a client account may experience high redemptions and, as a result, increased portfolio turnover, which could increase the costs that a client account incurs and may negatively impact the client account's performance.

Additionally, the value of inflation-indexed securities is subject to the effects of changes in market interest rates caused by factors other than inflation ("real interest rates"). If interest rates rise due to reasons other than inflation, a client account's investment in these securities may not be protected to the extent that the increase is not reflected in the security's inflation measure. Generally, when real interest rates rise, the value of inflation-indexed securities will fall and the client account's value may decline as a result of this exposure to these securities.

In response to certain economic disruptions, governmental authorities and regulators typically respond with significant fiscal and monetary policy changes, including considerably lowering interest rates, which, in some cases could result in negative interest rates. These actions, including their reversal or potential ineffectiveness, could further increase volatility in securities and other financial markets and reduce market liquidity. To the extent a client account has a bank deposit or holds a debt instrument with a negative interest rate to maturity, the client account would generate a negative return on that investment. Similarly, negative rates on investments by money market funds and similar cash management products could lead to losses on investments, including on investments of a client account's uninvested cash.

***Investments in Other Investment Companies Risk:*** This is the risk that a portfolio will indirectly bear the management service and other fees of the other investment company in addition to its own expenses. A portfolio is also indirectly exposed to the same risks as the other investment companies in proportion to the allocation of the portfolio's assets among the other investment companies.

***Issuer/Market Risk:*** The market value of a portfolio's investments will move up and down, sometimes rapidly and unpredictably, based upon political, regulatory, market, economic, and social conditions, as well as developments that impact specific economic sectors, industries, or segments of the market, including conditions that directly relate to the issuers of a portfolio's investments, such as management performance, financial condition and demand for the issuers' goods and services. A portfolio is subject to the risk that geopolitical events will adversely affect global economies and markets. War, terrorism, and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on global economies and markets. Likewise, natural and environmental disasters and epidemics or pandemics may be highly disruptive to economies and markets.

***Large Capitalization Companies Risk:*** The portfolio may invest in large capitalization companies, which may underperform certain other stock funds (those emphasizing small company stocks, for example) during periods when large company stocks are generally out of favor. Also, larger, more established companies are generally not nimble and may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes, which may cause the portfolio's performance to suffer.

***Large Investor Risk:*** Ownership of shares of a portfolio may be concentrated in one or a few large investors. Such investors may redeem shares in large quantities or on a frequent basis. If a large investor redeems a portion or all of its investment in a portfolio or redeems frequently, a portfolio may be forced to sell investments at unfavorable times or prices, which can affect the performance of the portfolio, and may increase realized capital gains, including short-term capital gains taxable as ordinary income. In addition, such transactions may accelerate the realization of taxable income to shareholders if a portfolio's sales of investments result in gains, and also may increase transaction costs. These transactions potentially limit the use of any capital loss carryforwards and certain other losses to offset future realized capital gains (if any). Such transactions may also increase a portfolio's expenses or could result in a portfolio's current expenses being allocated over a smaller asset base, leading to an increase in the portfolio's expense ratios.



**Leverage Risk:** Use of derivative instruments may involve leverage. Taking short positions in securities also results in a form of leverage. Leverage is the risk associated with securities or investment practices (e.g., borrowing and the use of certain derivatives) that multiply small index, market or asset-price movements into larger changes in value. Leverage magnifies the potential for gain and the risk of loss. As a result, a relatively small decline in the value of the underlying investments could result in a relatively large loss. The use of leverage increases the impact of gains and losses on a strategy's returns and may lead to significant losses if investments are not successful.

**Liquidity Risk:** Liquidity risk is the risk that a portfolio may be unable to find a buyer for its investments when it seeks to sell them or to receive the price it expects. Decreases in the number of financial institutions willing to make markets in the portfolio's investments or in their capacity or willingness to transact may increase the portfolio's exposure to this risk. Events that may lead to increased redemptions, such as market disruptions or increases in interest rates, may also negatively impact the liquidity of a portfolio's investments when it needs to dispose of them. If a portfolio is forced to sell its investments at an unfavorable time and/or under adverse conditions in order to meet redemption requests, such sales could negatively affect the portfolio. Securities acquired in a private placement, such as Rule 144A securities, are generally subject to significant liquidity risk because they are subject to strict restrictions on resale and there may be no liquid secondary market or ready purchaser for such securities. Derivatives, and particularly OTC derivatives are generally subject to greater liquidity risk as well. Liquidity issues may also make it difficult to value a portfolio's investments. In some cases, especially during periods of market turmoil, a redemption may dilute the interest of the remaining shareholders.

**Misconduct of Employees and of Third-Party Service Providers Risk:** Misconduct by employees of the Adviser, service providers to the Adviser or the funds and/or their respective affiliates could cause significant losses to such funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such funds. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

**Management Risk:** Management risk is the risk that the portfolio managers investment techniques could fail to achieve a portfolio's objective and could cause the portfolio to lose value. Each portfolio is subject to management risk because each portfolio is actively managed. The portfolio managers will apply their investment techniques and risk analyses in making investment decisions for the portfolios, but there can be no guarantee that such decisions will produce the desired result.

**Market Risk:** The market value of a security or derivative will move up and down, sometimes rapidly and unpredictably, based upon a change in an issuer's financial condition, as well as overall market and economic conditions.

**Market Disruption, Health Crises, Terrorism and Geopolitical Risk.** Events in certain sectors can result in an unusually high degree of volatility in the financial markets, both domestic and foreign. These events have included, but are not limited to: bankruptcies, corporate restructurings, and other similar events; governmental efforts to limit short selling and high frequency trading; measures to address U.S. federal and state budget deficits; social, political, and economic instability in Europe; economic stimulus by the Japanese central bank; sudden shifts in oil prices; dramatic changes in currency exchange rates; China's economic slowdown; the Israel-Hamas conflict; and Russia's invasion of Ukraine and the numerous sanctions imposed on Russia by the international community in response. Relatively high volatility and reduced liquidity in fixed income and credit markets could negatively affect many issuers worldwide, which would have an adverse effect on client accounts.

In addition, global economies and financial markets are increasingly interconnected, which increases the possibility that conditions in one country or region might adversely impact issuers in a different country or region.

Volatility in the financial markets following the 2008 financial crisis resulted in the U.S. and other governments and the Federal Reserve and certain non-U.S. central banks taking steps to support financial markets. In some countries where economic conditions have somewhat recovered, they are nevertheless perceived as still fragile. Withdrawal of government support, failure of efforts in response to the crisis, or investor perception that such efforts have not succeeded, could adversely impact the value and liquidity of certain securities. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations, including changes in tax laws. The impact of new financial regulation legislation on the markets and the practical implications for market participants may not be fully known for some time. Regulatory changes are causing some financial services companies to exit long-standing lines of business, resulting in dislocations for other market participants. In addition, political events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. High public debt in a number of countries creates ongoing systemic and market risks and policymaking uncertainty. The numerous countries struggling under such public debt have brought to the forefront tension within the European economic structure that, if not handled skillfully, could result in economic disruption in the Eurozone, which could occur abruptly. Political and military events, including in North Korea, Venezuela, Iran, Syria, Israel, the Gaza Strip, and other areas of the Middle East, and nationalist unrest in Europe and South America, also may cause market disruptions. Additionally, the continued spread of COVID-19 (and other pathogens) could stretch the resources and deficits of many countries in the EU and throughout the world, increasing the risk of default on their sovereign debt.

In the United States, political and diplomatic events, including a contentious domestic political environment, changes in political party control of one or more branches of the U.S. government,

the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat of a U.S. government shutdown, and disagreements over, or threats not to increase, the U.S. government's borrowing limit (or "debt ceiling"), as well as political and diplomatic events abroad, may affect investor and consumer confidence and may adversely affect financial markets and the broader economy, perhaps suddenly and to a significant degree. A downgrade of the ratings of U.S. government debt obligations, or concerns about the U.S. government's credit quality in general, could have a substantial negative effect on the U.S. and global economies. Moreover, although the U.S. government has honored its credit obligations, it remains possible that the United States could default on its obligations. The consequences of such an unprecedented event are impossible to predict, but it is likely that a default by the United States would be highly disruptive to the U.S. and global securities markets and could significantly impair the value of a client account's investments.

Decisions by the Federal Reserve regarding interest rate and monetary policy, which can be difficult to predict and sometimes change direction suddenly in response to economic and market events, continue to have a significant impact on securities prices as well as the overall strength of the U.S. economy. Interest rates had been unusually low in recent years in the U.S. and abroad, but the Federal Reserve in the United States increased interest rates by four and one-quarter percentage points in 2022 and an additional one percentage point in 2023. However, in recent months, the Federal Reserve has signaled that it may begin to reduce interest rates again in 2024. Actions taken by the Federal Reserve or foreign central banks to stimulate or stabilize economic growth, such as interventions in currency markets, could cause high volatility in the market. The U.S. is also renegotiating many of its global trade relationships and has imposed or threatened to impose significant import tariffs. These actions could lead to price volatility and overall declines in U.S. and global investment markets. A significant increase in interest rates could cause a decline in the market for equity securities. Also, regulators have expressed concern that rate increases contribute to price volatility.

In addition, there is a risk that the prices of goods and services in the U.S. and many non-U.S. economies will decline over time, known as deflation (the opposite of inflation). Deflation could have an adverse effect on stock prices and creditworthiness and would make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and is often difficult to reverse.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks amplified by digital communications, have in the past and may in the future lead to market-wide liquidity problems which could adversely affect the Adviser. For example, the recent banking turmoil spread uncertainty over liquidity concerns broadly across the global financial system and jolted financial markets. On March 10, 2023, Silicon Valley Bank, or SVB, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or the FDIC, as receiver. Similarly, on March 12, 2023, Signature Bank was placed into FDIC receivership. Following the collapse of these institutions, the Department of the Treasury, the Federal Reserve, and the FDIC issued a joint statement promising to protect all depositors of these institutions

regardless of deposit insurance limits. There is no guarantee that the Department of the Treasury, the Federal Reserve, and the FDIC would make a similar systemic risk exception to protect all deposits in the event of the failure of a different institution. While the situation around recent banking turmoil is still fluid and the overall impact of it is unknown, if any parties with which the Adviser conducts business were unable to access deposits with another financial institution, or were unable to access funds pursuant to instruments or lending arrangements with such a financial institution, such parties' credit quality, ability to pay their obligations to the Adviser, or ability to enter into new commercial arrangements requiring additional payments to the Adviser could be adversely affected.

Russia's invasion of Ukraine, and corresponding events in late February 2022, have had, and could continue to have, severe adverse effects on regional and global economic markets for securities and commodities. Following Russia's actions, various governments, including the United States, have issued broad-ranging economic sanctions against Russia, including, among other actions, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; the removal by certain countries and the European Union of selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The current events, including sanctions and the potential for future sanctions, including any impacting Russia's energy sector, and other actions, and Russia's retaliatory responses to those sanctions and actions, may continue to adversely impact the Russian and Ukrainian economies and may result in the further decline of the value and liquidity of Russian and Ukrainian securities, a continued weakening of the ruble and hryvnia and continued exchange closures, and may have other adverse consequences on the Russian and Ukrainian economies that could impact the value of these investments and impair the ability of a client account to buy, sell, receive or deliver those securities. Moreover, those events have, and could continue to have, an adverse effect on global markets performance and liquidity, thereby negatively affecting the value of a client account's investments beyond any direct exposure to Russian and Ukrainian issuers. The duration of ongoing hostilities and the vast array of sanctions and related events cannot be predicted. Those events present material uncertainty and risk with respect to markets globally and the performance of a client account and its investments or operations could be negatively impacted.

On October 7, 2023, a Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The attack sparked an armed conflict (the "2023 Israel-Hamas Conflict"), which is currently ongoing, between Palestinian militant groups led by Hamas and Israel. Although, since the establishment of the State of Israel, a state of hostility has existed, in varying degrees of intensity, between various Arab countries and Israel, the current conflict between Israel and Hamas has escalated to a heightened level not seen in recent years and may escalate further. Additionally, while Israel has entered into peace agreements with both Egypt and Jordan, and several other countries have previously announced their intentions to establish trade and other relations with Israel, the 2023 Israel-Hamas Conflict has created tremendous unrest and uncertainty in the region, which may threaten any such peace agreements. The effects of the 2023 Israel-Hamas Conflict may be far-reaching, and could result in significant negative impacts to client accounts.

In recent years, there have been periods of extended volatility and disruption in the global financial markets. The risks of potential trade wars, tariffs and supply chain disruptions, the threat of attacks by terrorist organizations, volatility in the Middle East (including the 2023 Israel-Hamas Conflict and conflict in Syria, Libya and Yemen and concerns over a nuclear Iran), the possibility of U.S.-China “decoupling,” North Korean nuclear missile capabilities, and escalations in the conflict between Russia and Ukraine and its spread to NATO or other European countries, among other things, may contribute to substantial future volatility in global financial markets. Volatility and disruption in the equity and credit markets could adversely affect a client account’s investments, which, in turn, would adversely affect the performance of such client account. In addition, volatility may directly affect the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the valuation of a client account’s investments. Any or all of these factors could result in lower investment returns for a client account.

Global climate change could have an adverse effect on property and security values. A rise in sea levels or a storm-driven increase in coastal flooding could cause such properties to lose value or become unmarketable altogether. Large wildfires driven by high winds and prolonged drought could devastate entire communities and could be very costly to any business found to be responsible for the fire. These losses could adversely affect mortgage lenders, the value of mortgage-backed securities, the bonds of municipalities that depend on tax revenues and tourist dollars generated by such properties, and insurers of the property or municipal or mortgage-backed securities. Since property and security values are driven largely by buyers’ perceptions, it is difficult to know the time period over which these effects might unfold. Economists warn that, unlike previous declines in the real estate market, it is possible that properties in coastal flood zones will never recover their value. In addition, voluntary initiatives and mandatory controls have been adopted or are being discussed worldwide to reduce emissions or “greenhouse gases” such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures, and other programs addressing greenhouse gas emissions, could reduce demand for energy or raise prices, and could have an adverse impact on investments made for client accounts.

Artificial intelligence (“AI”) has seen a dramatic rise in usage and popularity in recent years. AI refers to the development of computer systems that can perform tasks that typically require human intelligence. These tasks include learning from experience (machine learning), understanding natural language, recognizing patterns, solving problems, and making decisions. AI aims to simulate human cognitive functions, enabling machines to analyze data, adapt to changing inputs, and improve performance over time. The proliferation of AI poses several risks that warrant careful consideration. One significant concern is the potential for biased algorithms, which may perpetuate and amplify existing societal biases present in training data. The lack of transparency in complex AI systems raises issues of accountability and ethical implications, as decision-making processes become opaque. Additionally, there are concerns about job displacement due to increased automation, leading to economic and social disruptions. Furthermore, the rapid advancement of AI technology raises security concerns, with the potential for malicious uses such as deepfake generation and cyberattacks. As AI develops further, there

is a risk that unforeseen technological and societal changes could negatively impact client accounts.

These and other events and the potential for continuing market turbulence may have an adverse effect on client accounts. Because the impact on the markets has been widespread, it may be difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. Changes in market conditions will not have the same impact on all types of securities.

**Non-Diversification Risk:** The Adviser may invest a greater percentage of a portfolio's assets in a particular issuer and may invest in fewer issuers. Therefore, a non-diversified portfolio may have more risk because changes in the value of a single security or the impact of a single economic, political or regulatory occurrence may have a greater adverse impact on the portfolio's value.

**New and Smaller Sized Portfolio Risk:** Some of the portfolios managed by the Adviser are relatively new and may have a limited operating history for investors to evaluate and the Adviser may not be successful in implementing its investment strategies. The Adviser may fail to attract sufficient assets to achieve or maintain economies of scale, which could result in the pool being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders.

**Operational Risk:** The Adviser and the Adviser's clients are exposed to operational risk arising from a number of factors at the Adviser and at trading counterparties, service providers, client custodians, and other third parties. These factors include but are not limited to human error, processing and communication errors, errors of the service providers, counterparties or other third-parties, failed or inadequate processes, cybersecurity breaches and technology or systems failures. Among other potential consequences, operational errors and discrepancies can result in inaccurate client reporting and delays or failures to settle transactions in client accounts. In some cases, these errors and discrepancies may also result in penalties, charges, or mandatory buy-ins by counterparties, custodians, or central securities depositories. For example, the EU Central Securities Depository Regulation (or CSDR) requires securities depositories to impose financial penalties for failing transactions on custodians, which will generally be passed on to clients. Absent a violation of the Adviser's standard of care, clients will generally bear the risks arising from operational errors and discrepancies.

**Regulatory Risk:** The securities markets are subject to comprehensive statutes, regulations and margin requirements. In addition, the SEC, the CFTC and various stock exchanges and other trading platforms are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of prohibitions or restrictions on short-selling, speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities both inside and outside the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on a portfolio is impossible to predict, but could be substantial and adverse.

**REITs Risk:** The performance of a Fund that invests in REITs may be dependent in part on the performance of the real estate market and the real estate industry in general. The real estate industry is particularly sensitive to economic downturns. Securities of companies in the real estate industry, including REITs, are sensitive to factors such as changes in real estate values, property taxes and tax laws, interest rates, cash flow of underlying real estate assets, occupancy rates, government regulations affecting zoning, land use and rents and the management skill and creditworthiness of the issuer. Companies in the real estate industry also may be subject to liabilities under environmental and hazardous waste laws. In addition, the value of a REIT is affected by changes in the value of the properties owned by the REIT or the mortgage loans held by the REIT. REITs also are subject to default and prepayment risk. REITs are dependent upon cash flow from their investments to repay financing costs and also on the ability of the REITs' managers. The portfolio will indirectly bear its proportionate share of expenses, including management fees, paid by each REIT in which it invests in addition to the expenses of the portfolio.

**Securities Lending Risk:** The portfolio may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The portfolio continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned securities, which affords the portfolio an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. The portfolio might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement, if its securities lending agent becomes insolvent, or if the value of the instruments in which the lending agent invests borrowers' collateral declines. In connection with its securities lending transactions, the portfolio may return to the borrower or a third party that is acting as a "placing broker" a part of the interest earned from the investment of collateral received for securities loaned.

**Settlement Risk:** A portfolio may be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default. Securities purchased or sold on a 'when-issued' or 'delayed delivery' basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date. Loans of securities also involve risks of delay in receiving additional collateral or in recovering the securities loaned, or possibly loss of rights in the collateral, should the borrower of the securities become insolvent. See "Operational Risk" above.

**Short Exposure Risk:** A short exposure through a derivative may present various risks, including credit/counterparty risk and leverage risk. If the value of the asset, asset class or index on which the Adviser has obtained a short investment exposure increases, the portfolio will incur a loss. Unlike a direct cash investment such as a stock, bond or exchange-traded fund, where the potential loss is limited to the purchase price, the potential risk of loss from a short exposure is theoretically unlimited. Moreover, there can be no assurance that securities necessary to cover a short position will be available for purchase.

**Small- and Mid-Capitalization Companies Risk:** Compared to companies with large market capitalization, small- and mid-capitalization companies are more likely to have limited product lines, markets or financial resources or to depend on a small, inexperienced management group.

Securities of these companies often trade less frequently and in limited volume and their prices may fluctuate more than stocks of large capitalization companies. Securities of small- and mid-capitalization companies may therefore be more vulnerable to adverse developments than those of large- capitalization. As a result, it may be relatively more difficult for the portfolio to buy and sell securities of small- and mid-capitalization companies.

**Start-Up Periods:** The portfolio may encounter start-up periods during which it will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the portfolio's level of diversification may be lower than in a fully invested portfolio.

**Substantial Redemptions Risk:** Substantial redemptions by investors in a fund advised by Mirova US within a short period of time could require such fund to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategies. Reduction in the fund's size could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

**Tax Risk (applicable to registered funds only):** Each registered investment company managed by the Adviser expects to qualify as regulated investment companies under the Internal Revenue Code of 1986, as amended. In order to qualify as a regulated investment company, each fund must meet certain requirements regarding the source of its income, the diversification of its assets, and the distribution of its income. The tax treatment of certain derivative instruments for purposes of the qualification tests applicable to regulated investment companies is unclear and could be subject to an interpretation by the Internal Revenue Service bearing adversely on a fund's ability to qualify as a regulated investment company, or an adverse court decision. Therefore, the use of such derivative instruments could be limited or could impair a fund's ability to qualify as a regulated investment company.

**U.S. Government Securities Risk:** Investments in certain U.S. government securities may not be supported by the full faith and credit of the U.S. government. Accordingly, no assurance can be given that the U.S. government will provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. The maximum potential liability of the issuers of some U.S. government securities held by the portfolio may greatly exceed their current resources, and it is possible that these issuers will not have the funds to meet their payment obligations in the future. In such a case, the Adviser would have to look principally to the agency, instrumentality or sponsored enterprise issuing or guaranteeing the security for ultimate repayment, and the Adviser may not be able to assert a claim against the U.S. government itself in the event the agency, instrumentality or sponsored enterprise does not meet its commitment. Concerns about the capacity of the U.S. government to meet its obligations may raise the interest rates payable on its securities, negatively impacting the price of such securities already held by the portfolio.



**Valuation Risk:** This is the risk that the Adviser has valued certain instruments at a higher price than the price at which they can be sold. This risk may be especially pronounced for investments, such as derivatives, that may be illiquid or may become illiquid.

## Item 9. Disciplinary Information

Neither Mirova US nor any of its management persons has been subject to any legal or disciplinary events since its formation.

## Item 10. Other Financial Industry Activities and Affiliations

The Adviser is an indirect subsidiary of Natixis IM, which owns, in addition to the Adviser, a number of other asset management and distribution and service entities (each, together with any advisory affiliates of the Adviser, a “related person”). As noted under Item 4, Natixis IM is wholly owned by Natixis, which is wholly owned by BPCE, France’s second largest banking group. BPCE is owned by banks comprising two autonomous and complementary retail banking networks consisting of the Caisse d’Epargne regional savings banks and the Banque Populaire regional cooperative banks. There are several intermediate holding companies and general partnership entities in the ownership chain between BPCE and the Adviser. In addition, Natixis IM’s parent companies Natixis and BPCE each own, directly or indirectly, other investment advisers and securities and financial services firms that also engage in securities transactions.

The Adviser does not presently enter into transactions, other than as set out below, with related persons on behalf of clients. Because the Adviser is affiliated with a number of asset management, distribution and service entities, the Adviser occasionally may engage in business activities with some of these entities, subject to the Adviser’s policies and procedures governing conflicts of interest. For example:

- Mirova US currently serves as investment adviser or sub-adviser to U.S. registered investment company(ies) that are sponsored and distributed by its affiliate, Natixis Distribution, L.P. Natixis Distribution, L.P., acts as principal underwriter and distributor for such fund(s). Natixis Advisors, L.P., also a Mirova US affiliate, acts as the administrator for registered investment companies advised or sub-advised by Mirova US, and also leases office space to Mirova US.
- As discussed in Item 4, Mirova US has entered into personnel-sharing arrangements with its Paris-based affiliates, Mirova and Natixis TradEx Solutions, which, like the Adviser, are part of Natixis IM. Pursuant to these arrangements, certain employees of each Participating Affiliate serve as Associated Persons of Mirova US and, in this capacity, are subject to the oversight of Mirova US and its CCO. These Associated Persons may, on behalf of Mirova US, participate in providing discretionary and non-discretionary investment management services (including acting as portfolio managers and traders),

research and related risk management, internal control and compliance services to clients.

- Mirova, the parent of the Adviser, or another affiliate, may provide seed capital to Mirova US to incubate a new investment strategy or product. An affiliate of Mirova US provided the initial seed capital for some funds and is expected to do so for additional funds in the future. Mirova US may also work with another affiliated company to jointly manage a new strategy or product.
- Natixis Distribution, L.P., may refer business (including for a fee) to, or otherwise solicit or assist in securing business for, Mirova US for separate accounts and commingled investment vehicles.
- Mirova US has entered into a service agreement with Natixis Advisors, L.P., where for certain clients of Mirova US, Natixis Advisors, L.P., will implement an investment model provided by Mirova US, with such implementation occurring subject to Mirova US's guidance and oversight.

Moreover, the Adviser may use related persons to provide certain services to clients to the extent this is permitted under applicable law and under the Adviser's applicable policies and procedures. While the Adviser believes that compensation charged by an affiliate is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. Given that related persons are equipped to provide a number of services and investment products to the Adviser's clients, subject to applicable law, clients of the Adviser may engage a related person of the Adviser to provide any number of such services, including advisory, custodial or banking services, or may invest in the investment products provided or sponsored by a related person of the Adviser. The relationships described herein could give rise to potential conflicts of interest or otherwise may have an adverse effect on the Adviser's clients. For example, when acting in a commercial capacity, related persons of the Adviser may take commercial steps in their own interests, which may be adverse to those of the Adviser's clients.

Given the interrelationships among the Adviser and its related persons and the changing nature of the Adviser's related persons' businesses and affiliations, there may be other or different potential conflicts of interest that arise in the future or that are not covered by this discussion. Additional information regarding potential conflicts of interest arising from the Adviser's relationships and activities with its related persons, and how such conflicts are addressed are provided under Item 11.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

In connection with providing investment management and advisory services to its clients, the Adviser acts independently of other affiliated investment advisers (other than the Participating

Affiliates, as discussed in Item 4) and manage the assets of each of its clients in accordance with the investment mandate selected by such clients.

Related persons of the Adviser are engaged in securities transactions. The Adviser or its related persons may invest in the same securities that the Adviser recommends for, purchases for or sells to the Adviser's clients. The Adviser and its related persons (to the extent they have independent relationships with the client) may give advice to and take action with their own accounts or with other client accounts that may compete or conflict with the advice the Adviser may give to, or an investment action the Adviser may take on behalf of, the client or may involve different timing than with respect to the client. Since the trading activities of Natixis IM firms are not coordinated, each firm may trade the same security at about the same time, on the same or opposite side of the market, thereby possibly affecting the price, amount or other terms of the trade execution, adversely affecting some or all clients. Similarly, one or more clients of the Adviser's related persons may dilute or otherwise disadvantage the price or investment strategies of another client through their own transactions in investments. The Adviser's management on behalf of its clients may benefit the Adviser or its related persons. For example, clients may, to the extent permitted by applicable law, invest directly or indirectly in the securities of companies in which the Adviser or a related person, for itself or its clients, has an economic interest, and clients, or the Adviser or a related person on behalf its client, may engage in investment transactions which could result in other clients being relieved of obligations, or that may cause other clients to divest certain investments. The results of the investment activities of a client of the Adviser may differ significantly from the results achieved by the Adviser for other current or future clients. Because certain of the Adviser's clients may be related persons, the Adviser may have incentives to resolve conflicts of interest in favor of certain clients over others (e.g., where the Adviser has an incentive to favor one account over another); however, the Adviser has established conflicts of interest policies and procedures that identify and manage such potential conflicts of interest.

Potential conflicts may be inherent in the Adviser's and its related persons' use of multiple strategies. For instance, conflicts could arise where the Adviser and its related persons invest in distinct parts of an issuer's capital structure. Moreover, one or more of the Adviser's clients may own private securities or obligations of an issuer while a client of a related person may own public securities of that same issuer. For example, the Adviser or a related person may invest in an issuer's common shares for one client and in the same issuer's senior debt obligations for another client. In certain situations, such as where the issuer is financially distressed, these interests may be adverse. The Adviser or a related person may also cause a client to purchase from, or sell assets to, an entity in which other clients may have an interest, potentially in a manner that will adversely affect such other clients. In other cases, the Adviser on behalf of its clients may receive material non-public information ("MNPI") on behalf of some of its clients, which may prevent the Adviser from buying or selling securities on behalf of other of its clients even when it would be beneficial to do so. Conversely, the Adviser may refrain from receiving MNPI on behalf of clients, even when such receipt would benefit those clients, to prevent the Adviser from being restricted from trading on behalf of its other clients. In all of these situations, the Adviser or its related persons, on behalf of itself or its clients, may take actions that are adverse to some or all of the Adviser's clients. The Adviser seeks to resolve conflicts of interest described herein on a case-by-case basis, taking into consideration the interests of the relevant clients, the circumstances

that gave rise to the conflict and applicable laws. There can be no assurance that conflicts of interest will be resolved in favor of a particular client's interests. Moreover, the Adviser typically will not have the ability to influence the actions of its related persons.

In addition, certain related persons of the Adviser may engage in banking or other financial services, and in the course of conducting such business, such persons may take actions that adversely affect the Adviser's clients. For example, a related person engaged in lending may foreclose on an issuer or security in which the Adviser's clients have an interest. As noted above, the Adviser typically will not have the ability to influence the actions of its related persons.

The Adviser from time to time may purchase securities in public offerings or secondary offerings on behalf of client accounts in which a related person may be a member in the underwriting syndicate. Such participation is in accordance with Natixis IM policy and applicable law, and the Adviser will not purchase directly from such related person. The Adviser does not expect to enter into transactions with related persons on behalf of clients.

## Code of Ethics

The Adviser recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of its clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. All personnel of the Adviser must put the interests of the Adviser's clients before their own personal interests and must act honestly and fairly in all respects in dealings with the clients. All personnel of the Adviser must also comply with all federal securities laws.

In recognition of the foregoing, the Adviser adopted a written Code of Ethics that is designed to comply with Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Investment Company Act of 1940, as amended, (the "1940 Act"). The Code of Ethics establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance, recordkeeping and reporting obligations. Officers and employees of the Adviser, and their families and households, may purchase investments for their own accounts, including the same investments as may be purchased or sold for a client, subject to the terms of the Code of Ethics. Under the Code of Ethics, officers and employees of the Adviser are required to file certain periodic reports with the Adviser's CCO as required by Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

The Associated Persons employed by each Participating Affiliate are also subject to the Code of Ethics. The CCO monitors the administration of the Code of Ethics and provides training to the Adviser's officers and employees. Compliance personnel based in Paris monitor the administration of the Code of Ethics and the training to the Associated Persons employed by each Participating Affiliate, in accordance with the requirements of French law.

### ***Pre-Clearance of Transactions of Personal Securities***

The Adviser's officers and employees are required to obtain approval from the Compliance Department, and the Associated Persons employed by each Participating Affiliate are required to obtain approval from the applicable Paris-based compliance personnel, before engaging in any transaction in a Covered Security that they beneficially own, or will beneficially own after the transaction in each case, whether in the U.S., France or elsewhere, unless such transaction is exempted from pre-clearance as noted below. The Adviser seeks to identify and prevent potential conflicts of interest in the acquisition by the Adviser's officers and employees and the Associated Persons employed by a Participating Affiliate (collectively, "Adviser Personnel") of other types of investments, including those that are in the universe of securities in which clients may invest.

### ***Exceptions From Pre-Clearance Provisions***

The following transactions are exempt only from the pre-clearance requirements of the Section entitled "Pre-Clearance of Transactions of Personal Securities" within the Code of Ethics:

- (a) Purchases or sales pursuant to an Automatic Investment Plan;
- (b) Receipt of Covered Securities as a gift, inheritance or bequest;
- (c) Receipt of employee stock options, restricted stock, or other instrument by their Family/Household;
- (d) Exercise of employee stock options by a Covered Person or their Family/Household Member (this does not apply to an "exercise and sale");
- (e) Purchase or sale of shares or units of any investment option offered in Mirova's 401k;
- (f) Purchase or sale of shares or interests in collective investment trusts (excluding Mirova CITs) in a collective investment trust sponsored by U.S. Banks through a 401(k) plan of the employer of the Adviser Personnel or their Family/Household Member;
- (g) Transactions in money market funds and instruments;
- (h) Transactions in shares mutual funds and exchange traded funds;
- (i) Transactions in securities that are not Covered Securities; and
- (j) Purchases or sales made pursuant to an employee stock purchase plan.

### ***Ban on Short-Term Trading***

Adviser Personnel are prohibited from purchasing and then selling shares of any client managed by Mirova US, except shares of a money market fund, within 60 calendar days. For purposes of the preceding restriction, non-volitional trades (e.g., company retirement plan matching contributions) or automatic transactions (e.g., payroll deduction, deferred compensation, retirement plan contributions, systematic withdrawal plans) are not considered purchases or sales, as the case may be. However, this restriction applies to exchanges and re-allocation of assets within a retirement or deferred compensation plan account.

### ***Blackout Period***

Adviser Personnel are prohibited from purchasing or selling most types of securities (with certain limited exceptions) within a period of seven calendar days before and after the date that a client of the Adviser, with respect to which Adviser Personnel have the ability to influence investment decisions or have prior investment knowledge regarding associated client activity, has purchased or sold such securities or closely related securities.

### ***Ban on Insider Trading***

Adviser Personnel are prohibited from trading while in possession of MNPI in violation of the U.S. federal securities laws. The Adviser has adopted written policies and procedures that prohibit Adviser Personnel from engaging in insider trading.

### ***Ban on Outside Directorships, Activities or Employment that Cause a Conflict of Interest***

Adviser Personnel are not allowed to simultaneously exercise external mandates or functions, principally or secondarily that could generate or potentially generate conflicts of interests with the execution of their function (professional responsibilities) for Mirova US.

### ***Reporting***

The Code of Ethics sets forth reporting requirements for Adviser Personnel, including quarterly reporting of securities transactions, annual reporting of all holdings and annual certifications that Adviser Personnel have read and understand the Code of Ethics and have reported all personal covered securities transactions.

Adviser Personnel who violate the Code of Ethics may be subject to remedial action, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are required to promptly report any violation of the Code of Ethics of which they become aware. The applicable Paris-based compliance personnel must also notify the CCO promptly in writing of any finding that an Associated Person employed by a Participating Affiliate has breached the Code of Ethics or, with respect to client accounts of the Adviser, any of the Adviser's applicable policies or procedures. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to the Adviser at the following address: Mirova US LLC, c/o Compliance, 888 Boylston Street, Boston, MA 02199-8197.

### **Conflicts**

The Adviser and its affiliates may engage in a broad range of activities, including investment advisory services to registered and unregistered funds, separately managed accounts and other advisory clients. In the ordinary course of conducting the Adviser's activities, the interests of a client may conflict with the interests of the Adviser, other clients and/or the Adviser's affiliates and their clients.

The CCO is responsible for coordinating the identification of material conflicts of interest to which the Adviser is subject. In doing so, the CCO will use such tools that he or she deems appropriate, such as a review of the activities of the Adviser that might give rise to a conflict between the interests of the Adviser and its affiliates, on the one hand, and the interests of its clients on the other. Once such conflicts are identified, the CCO will oversee the consideration of appropriate disclosure and/or mitigation of the conflicts.

The material conflicts of interest which the Adviser anticipates could be encountered by its advisory clients include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by the Adviser and/or its clients. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### ***Allocation of Investment Opportunities Among Clients***

In connection with its investment activities, the Adviser and its Participating Affiliates may encounter situations in which they must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- Registered and unregistered investment companies, separately managed accounts or other advisory clients of the Adviser and its Participating Affiliates;
- Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with a client account in particular transactions entered into by such client account; and
- Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith. These policies and procedures address, among other things, the potential conflicts of interest that may arise as the Associated Persons allocate investment opportunities among clients of the Adviser and its Participating Affiliates.

In allocating investment opportunities to client accounts, the Adviser (and by extension a Participating Affiliate) first determines which of its clients will participate in such opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular client based on, among other things, the client’s investment objectives, strategies and risk tolerance. For example, the investment objectives, strategies and principal risks of a pooled investment vehicle advised by the Adviser are reflected, in the case of a registered fund, in the prospectus and statement of additional information of such fund, or, in the case of any private fund, in the private placement memorandum or similar offering document for such private fund. Prior to allocating any investment opportunity to a client account, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the client. Possible restrictions include, but are not limited to:

- *Obligation to Offer:* The Adviser may be required to offer an investment opportunity to one or more of its client accounts. This obligation may be set forth in the client’s offering documents and/or operating agreement.
- *Related Investments:* The Adviser may offer an investment opportunity related to an investment previously made by a client to such account to the exclusion of, or resulting in a limited offering to, other clients.
- *Legal and Regulatory Exclusions:* The Adviser may determine that certain client accounts should be excluded from an allocation due to specific legal, regulatory and contractual

restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the clients that will participate in a particular investment have been identified, the Adviser, in its discretion, will decide how to allocate such investment opportunity among the identified clients. To the extent a particular investment is suitable for multiple client accounts of the Adviser (including accounts managed by Adviser Personnel who are employed by a Participating Affiliate), such investment will be allocated among such client accounts in a manner that is fair and equitable over time under the circumstances to all clients. In allocating such investment opportunity, the Adviser may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each client account's investment objectives and investment focus;
- Transaction sourcing;
- Each client account's liquidity and reserves;
- Each client's diversification (including, as applicable, diversification requirements imposed under the 1940 Act);
- Lender covenants and other limitations;
- Amount of capital available for investment by each client as well as each client's projected future capacity for investment;
- Each client account's targeted rate of return;
- Stage of development of the prospective credit-related asset or other investment vehicle;
- Composition of each client's portfolio;
- The availability of other suitable investments for each client;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- The potential for de minimis allocations and/or odd lots;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering documents of each client.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among clients in the manner discussed above may not, and the Adviser anticipates often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser (including Adviser Personnel who are employed by a Participating Affiliate) will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.



In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among clients with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the clients from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. It is the Adviser's policy not to favor or disfavor, consistently or consciously, any client account or class of client accounts in relation to any other client accounts. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on the relative fee structure or amount of fees paid by any client or the profitability of any client.

In addition, principal executive officers and other personnel of the Adviser may invest indirectly in and may be permitted to invest directly in clients and may therefore participate indirectly in investments made by the clients in which such personnel may invest. Such interests will vary among clients. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a client.

### ***Material Nonpublic Information***

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to ensure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

### ***Conflicts Related to Purchases and Sales***

Conflicts may arise when a client makes investments in conjunction with an investment being made by other clients or a client of one of the Adviser's affiliates (including a Participating Affiliate), or in a transaction where another client or a client of such an affiliate has already made an investment. Investment opportunities may be appropriate for the Adviser's clients and/or clients of the Adviser's affiliates at the same, different or overlapping levels of an issuer's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single issuer. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation,

including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest. Certain clients of the Adviser and its affiliates (including the Participating Affiliate) may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a client, the interests of such client may be in conflict with the interests of such other client of the Adviser or client of one of the Adviser's affiliates, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Adviser's clients or clients of the Adviser's affiliates (including a Participating Affiliate) may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interests. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Adviser's clients may or may not provide such additional capital, and if provided each client will supply such additional capital in such amounts, if any, as determined by the Adviser. Investments by more than one client of the Adviser or its affiliates (including a Participating Affiliate) in a particular instrument or issuer may also raise the risk of using assets of a client of the Adviser or its affiliates to support positions taken by other clients of the Adviser or its affiliates. Employees and related persons of the Adviser and its affiliates (including the Participating Affiliate) have made or may make capital investments in or alongside certain of the Adviser's clients or clients of the Adviser's affiliates, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a client participating in a transaction would be equal to and not less than another client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A client may invest in opportunities that other clients of the Adviser or clients of the Adviser's affiliates (including a Participating Affiliate) have declined, and likewise, a client may decline to invest in opportunities in which other clients of the Adviser or clients of the Adviser's affiliates have invested.

From time to time the Adviser may, in its discretion, enter into transactions with investors in one or more of the Adviser's clients to dispose of all or a portion of certain investments held by one or more of the Adviser's clients. In exercising its discretion to select the purchaser(s) of such investments, the Adviser may consider some or all of the factors listed above under "Allocation of Investment Opportunities Among Clients." The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable client(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable client(s).

#### ***Conflicts Related to the Adviser's Time Allocation***

The directors, members, officers, Associated Persons and other personnel of the Adviser may allocate their time between a client and other investment and business activities in which they may be involved. The Adviser devotes such time as is necessary to conduct each client's business affairs in an appropriate manner. However, the Adviser may simultaneously devote the resources necessary to managing its other investment and business activities.

### ***Principal Transactions***

Subject to the restrictions under Section 206(3) of the Advisers Act, the Adviser may engage in principal transactions between a client account and a proprietary account of the Adviser or an affiliate. A principal transaction occurs when the Adviser, acting for its own account (or the account of an affiliate) buys a security or other instrument from, or sells a security or other instrument to, a client account. Such transactions create conflicts of interest because the Adviser may have an incentive to purchase a security for a proprietary account from a client account at a price below the best price possible or to improve the performance of a proprietary account at the expense of a client account by selling underperforming assets to the client account.

To address these conflicts of interest, prior to settlement of any principal transaction, written disclosure must be provided to a client and the client's consent must be obtained. The written disclosure must state that the Adviser is acting as principal and describe the material terms of the transaction, which generally include: (i) the Adviser's original purchase price for any security or other instrument it sells to a client; (ii) the price the Adviser expects to receive on the resale of any security or other instrument it buys from a client; and (iii) the price at which any security or other instrument could be bought or sold elsewhere when the price would be better for the client.

### ***Cross-Transactions***

At this time, the Adviser does not permit cross transactions. A cross transaction is a pre-arranged transaction between two different clients both of which are managed by the same adviser, even if a broker-dealer or other intermediary is used. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a client may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one client by selling underperforming assets to another client. Should this change in the future, the Adviser and its affiliates might receive management or other fees in connection with their management of the relevant clients involved in such a transaction. To address these conflicts of interest, in connection with effecting such transactions, in addition to complying with the applicable rules and regulations under the 1940 Act, the Adviser is responsible for confirming that the Adviser (i) considers its respective duties to each client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser would not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction.

### ***Valuation***

Any US-registered fund advised by the Adviser have adopted valuation policies and procedures that are administered by the funds service providers, although they may also rely on input or monitoring by the Adviser and personnel of a Participating Affiliate providing services to a

registered fund. The Adviser will follow these valuation procedures with respect to each registered fund client.

For other accounts the Adviser may manage for which it is responsible for valuation input, the Adviser adopted a policy acknowledging its duty to value client accounts as provided in and consistent with certain organizational documents and offering documents (in the case of funds and other pooled investment vehicles advised by the Adviser) or advisory agreements (in the case of separately managed account clients), which may vary based on client request, but which generally require that securities be valued based on the last sale of that security, or if there were no sales on a particular day, on the basis of the closing bid price. The Adviser's valuation policy generally outlines the Adviser's valuation governance structure and describes the responsibilities of various parties involved in the valuation process, the Adviser's fair valuation process and the valuation methodology and controls for specific types of securities that may be held by a portfolio. The terms of any applicable client documents may specify modifications to these procedures for other purposes, including calculations required by fund documents in connection with distributions of assets from a fund or other pooled investment vehicle.

The Adviser may rely on prices provided by a custodian, broker-dealer or another third-party pricing service for valuation purposes. However, to the extent the Adviser's internal valuation calculations are also utilized to calculate the Advisory Fee and/or the performance of the client account in question, conflicts of interest may arise because the Adviser will have an incentive to maximize the valuation calculations in question.

### ***Management of Advisory Clients***

The Adviser and its affiliates (including a Participating Affiliate) may serve as investment adviser to one or more US or non-US registered funds, unregistered pooled investment vehicles or separately managed accounts with various investment objectives and strategies. The investment objectives and strategies of one client account may be substantially similar to, or different from, the investment objectives and strategies of another client account. Allocation of available investment opportunities between client accounts could give rise to conflicts of interest. See "Allocation of Investment Opportunities Among Clients" above. In addition, generally Adviser Personnel who participate in managing the account or accounts of a particular advisory client may have responsibilities with respect to other advisory clients, including investment funds that may be launched in the future. Conflicts of interest may arise in allocating time, services or functions of these Adviser Personnel.

The Adviser and its affiliates (including a Participating Affiliate) may give advice and take action with respect to one client that may compete or conflict with the advice the Adviser or such affiliate gives to other clients. For example, the Adviser or its affiliate (including a Participating Affiliate) may buy or sell positions for one client while at the same time it is undertaking for another client the same or a different, and potentially opposite, strategy. The results of the Adviser's investment activities for one client may differ significantly from the results achieved by the Adviser for other current or future clients.

The Adviser's clients may enter into borrowing arrangements that require such clients to be jointly and severally liable for the obligations. If one client defaults on such an arrangement, the other

clients may be held responsible for the defaulted amount. The Adviser's clients will only enter into such joint and several borrowing arrangements when the Adviser determines it is in the best interests of its clients.

### ***Conflicts Relating to the Adviser***

The Adviser has entered into a participating affiliate arrangement with non-US affiliates of the Adviser, that perform services for the Adviser in connection with its provision of services to Adviser's clients. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally may, in its discretion, recommend to a client that it contract for services with (i) the Adviser or a related person of the Adviser or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates (including a Participating Affiliate) may buy or sell securities or other instruments that the Adviser has recommended to its clients. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by the Adviser's clients. Such transactions will be subject to the policies and procedures set forth in the Adviser's Code of Ethics.

Because certain expenses will be paid for by a client or, if incurred by the Adviser, will be reimbursed by a client, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a client or its investment vehicles to incur) such expenses.

### ***Diverse Investor Base for Clients***

Interests in funds advised by the Adviser may be acquired by a diverse range of investors, including, but not limited to, individuals and U.S. taxable and tax-exempt entities. Such investors may have conflicting investment, tax and other interests with respect to their investments in a fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by the fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a fund, the Adviser and its affiliates will consider the investment and tax objectives of the fund, not the investment, tax or other objectives of any investor individually.

As described in Item 10 above, certain of the Adviser's investment adviser affiliates (including the Participating Affiliates) have their own clients. These affiliates may focus on investment strategies that are substantially similar to or different from those pursued by the Adviser on behalf of its clients. Thus, clients of the Adviser and these affiliates may invest in the same issuers, including in the same security or in different securities of such an issuer. Similarly, clients of the

Adviser and these affiliates may take different, including potentially opposite, investment positions. Interests of the Adviser's clients may therefore conflict with the interests of the clients of these affiliates. See "Allocation of Investment Opportunities Among Clients" and "Conflicts Related to Purchases and Sales" above for more information.

### ***Other Potential Conflicts***

The Adviser and its clients may engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. In the event of a significant dispute or divergence of interest between the Adviser's clients, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and its clients may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser and its clients in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Adviser's clients.

The Adviser may, in its discretion, have, and may, in its discretion, cause its clients to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Adviser's clients may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and its clients in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

A client of the Adviser or its related persons may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, the Adviser or its related persons. In such a case, investors in such accounts will bear not only the direct management fees and other expenses payable under their investment advisory agreements, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to the Adviser or its related persons. Additionally, the interests of an investor may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

In the regular course of their investment banking businesses, certain affiliates of the Adviser provide a broad range of advisory services and represent potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to assets which may be suitable for investment by Adviser's clients. In such cases, such an affiliate's client would typically require the affiliate to act exclusively on its behalf, thereby precluding the Adviser's clients from acquiring such assets. Such affiliates will be under no obligation to decline such engagements in order to make the investment opportunity available to the Adviser's clients.

To the extent not restricted by confidentiality requirements or applicable law, the Adviser may apply experience and information gained in providing services to a client in providing services to competing issuers invested in by affiliates of the Adviser's other clients.

The Adviser's relationships with its advisory clients could create a conflict of interest to the extent the Adviser becomes aware of inside information concerning investments or potential investment targets. The Adviser has implemented compliance procedures and practices designed to ensure that inside information is not used for making investment decisions on any client's behalf. This conflict and these procedures and practices may limit the freedom of the Adviser to enter into or exit from potentially profitable investments for its clients which could have an adverse effect on such clients' results of operations. Conversely, the Adviser may pursue investments for its clients without obtaining access to confidential information otherwise in its possession, which information, if reviewed, might otherwise impact an Adviser's judgment with respect to such investments.

The Adviser and its affiliates (including Participating Affiliates) may also actively engage governmental and non-governmental bodies, regulatory and self-regulatory agencies, industry trade associates and individual issuers to promote policies and practices that the Adviser and its affiliates believe will contribute to the success of certain investment strategies that the Adviser and its affiliates pursue on behalf of their clients. There is no guarantee that these engagement efforts will be successful, and they may lead to conflicts of interest. For example, the Adviser and its affiliates may advocate for policies, practices or courses of action that may benefit some clients but not others. Additionally, in connection with such engagement efforts, the Adviser or its affiliates may take positions in the interest of some clients that may be opposed to the interests of other clients. The Adviser seeks to mitigate such potential conflicts, though it may not be possible or appropriate to eliminate these conflicts in all cases.

The Adviser and the Participating Affiliates may have competing interests as they have separate investment processes, business interests, clients and reputations. Such competing interests will attempt to be monitored by management and/or compliance when possible and where appropriate addressed or mitigated.

## **Item 12. Brokerage Practices**

To meet its fiduciary duties to its clients, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

In many cases, the Adviser has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions on behalf of clients. The Adviser may exercise this discretion through Associated Persons (who are employees of a Participating Affiliate). In placing portfolio transactions for

clients, the Adviser seeks to obtain the “best execution” for client accounts, taking into account the following factors, among others: (1) commission rates charged by the broker-dealer to execute the transaction and the ability to minimize overall execution costs to the applicable account; (2) expertise in the specific securities or sectors for the transaction; (3) reputation for diligence, fairness, and integrity; (4) quality of research and investment ideas presented by the broker-dealer; (5) adequacy of trading infrastructure, technology and capital; and (6) ability to accommodate any special execution or order handling requirements that may surround the particular transaction. The Adviser may also consider a broker-dealer’s responsiveness, probability of execution and settlement, size of order relative to market liquidity, global relationship factors, and the Adviser’s legal and credit assessment of the broker-dealer. “Best execution” means obtaining for the client account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In addition, the Adviser may consider the use of Electronic Communications Networks when placing trades on behalf of clients.

In order to monitor best execution, the Adviser, in consultation with members of its compliance team, periodically monitors broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and its clients. The portfolio managers and traders are responsible for monitoring client accounts for compliance with the Adviser’s policy on best execution, based on information and reviews of the Adviser’s Best Execution Committee and related operating procedures also used by Participating Affiliates. The Adviser’s Best Execution Committee evaluates, on generally a quarterly basis (but no less than three times a year), the execution performance of broker-dealers used to execute client transactions and brokers used by the portfolio managers can only be selected from a list provided by the Best Execution Committee. The Adviser maintains a schedule of approved brokers, along with information deemed relevant to support the conclusions reached with respect to each of the aforementioned best execution evaluations/reviews (e.g., broker-dealer eligibility and execution performance). Because significant trading may be conducted by Associated Persons who are employed by Natixis TradEx Solutions, which itself acts on behalf of affiliated and unaffiliated firms in selecting and managing brokers, the Best Execution Committee and members of compliance may also conduct similar analysis and oversight testing with respect to Natixis TradEx Solutions and its activities on behalf of the Adviser’s clients.

### **Use of Brokers that Distribute Shares of Registered Investment Companies to Execute Portfolio Transactions**

Rule 12b-1(h) under the 1940 Act permits clients of the Adviser that are registered with the SEC as investment companies under the 1940 Act (collectively, “Registered Investment Companies”) to use selling brokers to execute transactions in portfolio securities only if the Adviser has implemented policies and procedures designed to ensure that the selection of brokers for portfolio securities transactions is not influenced by considerations relating to the sale of shares of such Registered Investment Companies. The procedures must be reasonably designed to prevent: (i) the persons responsible for selecting broker-dealers to effect Registered Investment



Company portfolio securities transactions (e.g., portfolio managers or traders), from taking into account, in making those decisions, broker-dealers' promotional or sales efforts, and (ii) the Adviser from entering into, or causing to enter into, any agreement or other understanding under which a Registered Investment Company directs brokerage transactions or revenue generated by those transactions to a broker-dealer to pay for distribution of Registered Investment Company shares.

Accordingly, the Adviser has adopted a written policy specifying that it will not enter into, or cause any person to enter into, any agreement (whether oral or written) or other understanding under which the Registered Investment Companies direct, or are expected to direct (1) portfolio securities transactions; or (2) any remuneration, including but not limited to, any commission, mark-up, mark-down, or other fee (or portion thereof) received or to be received from the Registered Investment Companies' portfolio transactions effected through any other broker or dealer to a broker or dealer in consideration for the promotion or sale of shares issued by the Registered Investment Companies or any other client of the Adviser or its affiliates.

It also is the policy of the Adviser that persons responsible for selecting brokers and dealers to effect the Registered Investment Companies' portfolio transactions, or involved in these transactions, are prohibited from taking into account the brokers' and dealers' promotion or sale of shares issued by the Registered Investment Companies or any other investment company. Further, no portfolio transactions of the Registered Investment Companies may be used to compensate any broker or dealer for their promotional or sales efforts with respect to any other client of the Adviser or its affiliates.

Achievement of high-quality execution will not justify or excuse violation of these policies, and the CCO has the authority to take additional measures reasonably designed to enforce the Adviser's policies and procedures with respect to selection of broker-dealers.

## Soft Dollars

The Adviser currently does not pay commissions for client transactions that are higher than the lowest available commission rate in the pursuit of best execution to facilitate the receipt of research services from brokers, either directly or indirectly, through the generation of commission "credits."

Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") permits an adviser to pay more than the lowest available commission rate (or "pay up") for research and similar services if the adviser determines, in good faith, that the brokerage rates charged by the broker are reasonable in light of the services provided. Section 28(e) permits the Adviser to obtain research and other products and services that provide lawful and appropriate assistance to the Adviser in carrying out its investment decision-making responsibilities (often referred to as "soft-dollar" arrangements).

The Adviser currently does not "pay up" to receive research services from brokers, either directly or indirectly, through the generation of commission credits.

A conflict of interest arises when an adviser “pays up” for research and similar services to a broker-dealer, as the Adviser will have an incentive to favor such broker-dealer over others that may charge lower commissions. Although the Adviser generally does not “pay up” for research, the Adviser has determined that research services received from all brokers and that are materially indistinguishable in terms of their nature, quality and extent are generally considered to be of de minimis value, do not influence broker selection, order routing decisions, execution costs, or the ability of the Adviser to act in clients’ best interests. Consequently, the Adviser may continue to receive these research services.

In the future, the Adviser expects to seek to generate commission credits for eligible research through client brokerage. In such cases, the Adviser will seek to ensure that such practices are consistent with:

- i. Section 28(e); and
- ii. any applicable laws, regulations, and/or contractual obligations (including contractual obligations requiring trading practices consistent with MiFID II).

Any such arrangement will be documented in written policies and procedures. Further, the Adviser will not enter into any agreement or understanding with a broker-dealer that would obligate the Adviser to direct a specific amount of brokerage transactions or commissions to a counterparty in return for research or brokerage services.

### **Client-Directed Brokerage**

The Adviser may permit clients to direct the Adviser to execute the client’s trades with a specified broker-dealer. When a client directs the Adviser to use a specified broker-dealer to execute all or a portion of the client’s securities transactions, the Adviser will treat the client direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client’s account. Although the Adviser will attempt to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client’s instructions. Transactions in the same security for accounts that have directed the use of the same broker may be aggregated. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), and less favorable execution of transactions. By permitting a client to direct the Adviser to execute the client’s trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as size of the transaction and the market for the security or financial instrument. The

commissions charged to clients that direct the Adviser to execute the clients' trades through a specified broker-dealer may in some transactions be materially different from those of clients who do not direct the execution of their trades. Clients that direct the Adviser to execute the clients' trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser.

### **Aggregation of Trades**

The Adviser (and by extension a Participating Affiliate) may (but is not required to) aggregate (or bunch) the orders of more than one client account for the purchase or sale of the same security subject to its duty to seek best execution. For example, orders may be aggregated to realize economies of scale, to possibly receive better market executions or to obtain better overall prices, including lower commission costs or mark-ups or mark-downs.

Aggregation opportunities generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors.

When an aggregated order is only partially filled, the investment opportunity will generally be allocated among participating clients on a pro rata basis based on each client's initial participation in the transaction or, if the number of shares is not equally distributable, on a specific allocation basis following the allocation procedures above. Allocation methods should be documented before the aggregated orders are placed (or, if deviation is necessary, deviations must be made based on the allocation procedures discussed in Item 11 above under "Allocation of Investment Opportunities among Clients" and before the trades are allocated).

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

Day-to-day portfolio management activities of client accounts managed by the Adviser, including the periodic review of client accounts, are carried out by certain members of the Adviser's portfolio management team, the Associated Persons and Participating Affiliates, each acting on behalf of the Adviser (as will be, or have been disclosed to each client). Pursuant to advisory agreement(s), the Adviser is responsible for overseeing management of the specified investments. The Board of Trustees of US registered funds exercises ultimate discretion over all of the Adviser's activities with respect to such funds.

### **Reporting**

Investors in pooled investment vehicles sponsored by the Adviser will typically be mailed, in accordance with SEC rules, copies of audited financial statements of such pooled investment vehicle within 60 days after the fiscal year end of the pooled investment vehicle, as well as semiannual unaudited management reports within 60 days after the end of each six-month period.

If the Adviser manages your money as a separate account, you are provided (if you request) with portfolio valuations and summaries of portfolio changes on a quarterly basis or as otherwise negotiated with you.

The Adviser may from time to time, in its sole discretion, provide additional information relating to such client accounts to one or more investors in such client accounts as it deems appropriate.

#### **Item 14. Client Referrals and Other Compensation**

The Adviser may from time to time pay compensation to third-party solicitors, placement agents, or to affiliates for client or investor referrals (collectively, “Promoters”). Mirova US will likely pay cash compensation to Promoters based on a specified percentage of the advisory fees received by Mirova US from accounts referred to the Adviser by such Promoters. In these circumstances, the Adviser will ensure that each Promoter complies with the applicable requirements in Rule 206(4)-1 under the Advisers Act. Such requirements may include, depending on the circumstances, maintenance of a written agreement between the Adviser and Promoter, and delivery by the Promoter of certain disclosures to prospective clients or prospective investors setting forth the nature of the relationship between the Promoter and the Adviser, any fees to be paid to the Promoter, and related conflicts of interest.

#### **Item 15. Custody**

The Adviser does not maintain physical custody of client assets. Any US mutual funds managed by the Adviser are registered investment companies and therefore comply with the custody requirements of the 1940 Act. To the extent assets of a pooled vehicle are held by a custodial bank, such custodial bank will send account statements to an independent representative of investors in such pooled vehicle or to investors in the pooled vehicle. The recipient of such account statements received from the custodial bank should review the statements carefully and compare them to any account statements the Adviser may deliver to investors.

#### **Item 16. Investment Discretion**

The Adviser has investment discretion over some of the assets placed under its management. Investment discretion allows the Adviser to make investment decisions and to direct the

execution of transactions for a client's account (subject to the investment objectives and restrictions or guidelines applicable to the account) without consulting with the client in connection with each transaction. Prior to accepting investment discretion, the Adviser must have a signed investment advisory agreement with respect to the assets over which the Adviser will have discretion. The Adviser will provide services to its clients in accordance with the applicable advisory agreement and applicable regulations. Investment restrictions for registered investment company clients are disclosed in such client's registration statements. In the case of any client that is a pooled investment vehicle, investment advice is provided directly to such pooled investment vehicle, and not individually to the investors in such vehicle.

As discussed in greater detail under Item 7 above, certain clients retain the Adviser on a non-discretionary basis (for example, wrap fee accounts). When the Adviser is retained on a non-discretionary basis, it may make recommendations for the client's account, but all investment decisions are made by the client and account transactions are executed only by the client or otherwise in accordance with the client's advisory agreement.

## **Item 17. Voting Client Securities**

Each client is generally permitted to instruct the Adviser on how to vote proxy solicitations received in connection with securities held in the client's account. Unless the Adviser receives instructions from a client on how to vote a particular solicitation, the Adviser will vote in accordance with its proxy voting policies where it has proxy voting authority.

Mirova US understands that proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

The Adviser has adopted written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by clients. These policies and procedures have been designed to help verify that proxy votes are provided in the best interests of the clients in accordance with the Adviser's fiduciary duties and Rule 206(4)-6 under the Advisers Act. The guiding principle by which the Adviser exercises all voting decisions is to vote in the best interests of clients in accordance with Mirova US's voting guidelines.

The CCO or his or her delegate (who can be located within a Participating Affiliate) monitor for conflicts within Mirova and also for conflicts where the interests of a Participating Affiliate may depart from the interests of the Adviser and its clients. In addition to the considerations described above, for Mirova strategy clients, the Adviser's proxy voting policy emphasizes (i) the institution of a board that incorporates stakeholders in a balanced fashion and that resolutely takes account of issues of corporate social responsibility, (ii) an equitable distribution of value among the different stakeholders, notably integrating environmental and social criteria in the remuneration of executives, and (iii) the transparency and quality of financial and extra-financial information, with the implementation of reporting that integrates the issues of sustainable development, although these factors are not considered in voting proxies on behalf of all clients.

The Adviser's CCO or his or her delegate (who can be located within a Participating Affiliate) are responsible for confirming that neither the Adviser, nor any member of the Proxy Voting Team, is aware of any conflicts of interest that may arise between the Adviser and its affiliates, on the one hand, and the interests of its clients, on the other, regardless of whether these conflicts are actual or perceived. Mirova US abstains from voting proxies if a conflict of interests is identified.

Copies of relevant proxy logs, identifying how proxies were voted and copies of proxy voting policies are available to any client or prospective client upon written request to the Adviser at the following address: Mirova US LLC, c/o Proxy Voting Team, 888 Boylston Street, Boston, MA 02199-8197. In addition, voting information for registered investment company clients will be publicly available on Form N-PX via the SEC's website.

### **Item 18. Financial Information**

Item 18 is not currently applicable to Mirova US LLC.

### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not currently applicable to Mirova US LLC.



# Mirova Global Sustainable Equity Strategy

## Part 2B of Form ADV: Firm Brochure Supplement

### List of Supervised Persons:<sup>1</sup>

Hua Cheng  
888 Boylston Street  
Boston, MA 02199  
857-305-6333

Jens Peers  
888 Boylston Street  
Boston, MA 02199  
857-305-6333

Soliane Varlet  
59 Avenue Pierre Mendes  
Paris, FR 75013

### Firm:

Mirova US LLC  
888 Boylston  
Street  
Boston, MA 02199  
857-305-6333

**This brochure supplement provides information about the above listed supervised persons that supplements the Mirova US LLC (“Mirova US”) brochure. You should have received a copy of that brochure. Please contact Paul-Marc Lachaud at 857-328-2973 if you did not receive the Mirova US brochure or if you have any questions about the contents of this supplement.**

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<sup>1</sup> These include the following supervised persons: (i) Any supervised person who formulates investment advice for a client and has direct client contact; and (ii) Any supervised person who has discretionary authority over a client's assets, even if the supervised person has no direct client contact. Note: This does not include any supervised person who has no direct client contact and has discretionary authority over a client's assets only as part of a team. In addition, if discretionary advice is provided by a team comprised of more than five supervised persons, information is provided only for the five supervised persons with the most significant responsibility for the day-to-day discretionary advice provided to the client. You are a client (or expected to soon become a client) with respect to the strategy listed above, and thus this supplement only includes the supervisory individuals with respect to this strategy.

## Item 2. Educational Background and Business Experience

### Hua Cheng

Date of Birth: May 2, 1979

Formal Education after High School: Dr. Cheng holds a Ph.D. degree in Economics from University Paris Dauphine (France) and two Bachelor degrees in International Economics & Commerce (1st) and French (2nd) from Wuhan University (China). He is a CFA Charterholder. To become a CFA Charterholder, one investment professional has to agree to follow the CFA Institute Code of Ethics and Standards of Professional Conduct, pass three level CFA Program exams, have at least four years of qualified work experience in investment decision making, and become a regular member of CFA Institute and in a CFA member society.

Business Background for Past 5 Years: Dr. Cheng is a Portfolio Manager with Mirova<sup>2</sup>, which he joined in March 2014. Dr. Cheng moved to the Mirova Division of Ostrum Asset Management U.S., LLC in September 2018. Prior to joining Mirova, Dr. Cheng was portfolio manager at Vega Investment Managers (former Natixis Multimanager) from 2007 to 2014.

### Soliane Varlet

Date of Birth: August 5, 1976

Formal Education after High School: Ms. Varlet graduated from CESEM, Neoma Business School, and holds a Master's degree in Banking and Finance (DESS Banque-Finance) from Lyon 2. She holds the SFAF diploma (French Society for Financial Analysts).

Business Background for Past 5 Years: Ms. Varlet is a portfolio manager at Mirova, the parent company of Mirova US. Prior to joining Mirova, she served as a Buy-Side Equity Analyst at its predecessor firm, Ostrum Asset Management from 2005 to 2008 and then became a portfolio manager.

### Jens Peers

Date of Birth: December 9, 1973

Formal Education after High School: Mr. Peers holds a master's degree in applied economics from the University of Antwerp, Belgium. Mr. Peers is also a CFA charterholder. To become a CFA Charterholder, one investment professional has to agree to follow the CFA Institute Code of Ethics and Standards of Professional Conduct, pass three level CFA Program exams, have at least four years of qualified work experience in investment decision making, and become a regular member of CFA Institute and in a CFA member society. He is also a Certified European Financial Analyst (CEFA). The CEFA is accredited among the European partners of EFFAS (The European Federation of Financial Analysts Societies). It is a benchmarked qualification with decentralized/centralized exams, ensuring the major professional skills that candidates need.

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<sup>2</sup> Prior to March 29, 2019, Mirova US was a division of Ostrum Asset Management U.S., LLC (Ostrum US), through which Mirova was operated in the US. On March 29, 2019, the Mirova division of Ostrum US spun out to become Mirova US LLC. Mirova is operated in the US, and for the global sustainable equity strategy, through Mirova US.



Business Background for Past 5 Years: Mr. Peers is Chief Investment Officer, Equity with Mirova, which he joined in 2013 and Chief Executive Officer of Mirova US. Mr. Peers moved to the Mirova Division of Ostrum Asset Management U.S., LLC in September 2016. Prior to joining Mirova, he was Head of Portfolio Management – Environmental Strategies for Kleinwort Benson Investors in Dublin, Ireland from 2003 to 2013.

### Item 3. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the advisory business of Mirova US, Dr. Cheng, Ms. Varlet or Mr. Peers or the integrity of such management. Additionally, there is nothing to disclose with respect to the following items:

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which such person
1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
  2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
  3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
  4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.
- B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which such person
1. was found to have caused an investment-related business to lose its authorization to do business; or
  2. was found to have been involved in a violation of an investment-related statute or regulation and were the subject of an order by the agency or authority
    - a) denying, suspending, or revoking the authorization of the supervised person to act in an investment-related business;
    - b) barring or suspending the supervised person's association with an investment-related business;

- c) otherwise significantly limiting the supervised person's investment-related activities; or
  - d) imposing a civil money penalty of more than \$2,500 on the supervised person.
- C. A self-regulatory organization (SRO) proceeding in which such person
- 1. was found to have caused an investment-related business to lose its authorization to do business; or
  - 2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.
- D. Any other hearing or formal adjudication in which such person's professional attainment, designation, or license was revoked or suspended because of a violation of rules relating to professional conduct, including if such person resigned (or otherwise relinquished the attainment, designation, or license) in anticipation of such a hearing or formal adjudication (and Mirova US knows, or should have known, of such resignation or relinquishment).

#### **Item 4. Other Business Activities**

Dr. Cheng, Ms. Varlet and Mr. Peers are not:

- A. actively engaged in any investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA.
- B. actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above, that provides a substantial source (i.e., 10% or more) of their income or involves a substantial amount of the supervised person's time.

## **Item 5. Additional Compensation**

Dr. Cheng, Ms. Varlet and Mr. Peers do not have someone who is not a client provide an economic benefit to them for providing advisory services. For purposes of this Item, economic benefits include sales awards and other prizes, but do not include the supervised person's regular salary. Any bonus that is based, at least in part, on the number or amount of sales, client referrals, or new accounts is considered an economic benefit, but other regular bonuses are not.

## **Item 6. Supervision**

Dr. Cheng, Ms. Varlet and Mr. Peers are overseen by the compliance department at Mirova US, which is headed by the Chief Compliance Officer of Mirova US, Paul-Marc Lachaud.

Additionally, their actions are overseen by compliance departments at affiliates of Mirova US. Amongst these departments, investment guidelines and potential breaches are overseen, performance reports are reviewed, risk reports are reviewed, testing is performed, personal holdings are reviewed and training is provided, among other areas of focus.

Please contact Mr. Lachaud if you have additional questions.

Paul-Marc Lachaud  
Chief Compliance Officer  
888 Boylston Street  
Boston, MA 02199  
(857) 328-2973

## **PRIVACY POLICY AND PROCEDURES**

### **Policy**

It is Mirova US' policy to abide by laws and rules dictated by the SEC and the Federal Trade Commission (the "FTC") and best practices that govern the privacy of consumer information, impose restrictions on the ability of financial institutions to disclose nonpublic personal information about consumers who are natural persons (i.e., individuals) to nonaffiliated third parties and require financial institutions to provide privacy notices to consumers. Nonpublic personal information about individuals includes personally identifiable financial information that is not publicly available, such as account balances, social security numbers and net worth.

These Privacy Policies and Procedures apply to Mirova US and the Funds and are designed to ensure that Mirova US maintains the confidentiality of personal information about its clients and that it complies with applicable privacy regulations and covers all current and former clients of Mirova US. Mirova US and the Funds extend the same confidentiality protections to all investors, whether institutional or individual.

### **Procedures**

Mirova US does not intentionally share any information about investors with nonaffiliated third parties, except as necessary or appropriate in connection with the processing and administration of investments and in connection with Mirova US general business operations. Client information may also be disclosed to the extent a client authorized the disclosure, and for other purposes required or permitted by law, such as where reasonably necessary to prevent fraud, unauthorized transactions or liability, to respond to judicial process, subpoena, regulatory inquiry, or complying with federal, state or local laws.

In the event that Mirova US discloses nonpublic personal information about a client either to a non-affiliated third party that provides marketing services on behalf of Mirova US or to a non-affiliated third party financial institution, Mirova US will: (i) notify clients and investors in a privacy notice (as described below) of the possibility of such disclosure; and (ii) enter into a contractual agreement with the third party that prohibits the third party from disclosing or using client information other than to carry out the purposes for which the information was disclosed to the third party and requires the parties agree to maintain the confidentiality of investor information. Any disclosure of investor information to third party service providers and joint marketing partners must be pre-approved by the CCO.

Except as described above, Mirova US will not intentionally disclose nonpublic personal investor information to non-affiliated parties, unless an investor has been given a notice of the possibility of such disclosure and an opportunity to "opt-out" of the disclosure.

### **Privacy Notices**

Generally, initial privacy notices will be delivered upon entering a client relationship and annual privacy notices will be delivered concurrently with delivery of annual statements.